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ENVIRONMENTAL ASSESSMENT BOARD

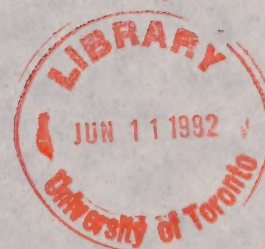
VOLUME: 384

DATE: Thursday, May 28, 1992

BEFORE:

A. KOVEN Chairman

E. MARTEL Member



FOR HEARING UPDATES CALL (COLLECT CALLS ACCEPTED) (416) 963-1249

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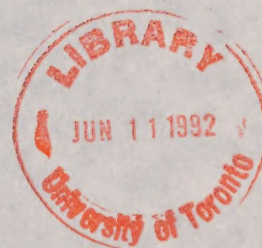
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FARR &
ASSOCIATES
REPORTING INC.

(416) 482-3277

2300 Yonge St., Suite 709, Toronto, Canada M4P 1E4

HEARING ON THE PROPOSAL BY THE MINISTRY OF NATURAL
RESOURCES FOR A CLASS ENVIRONMENTAL ASSESSMENT FOR
TIMBER MANAGEMENT ON CROWN LANDS IN ONTARIO

IN THE MATTER of the Environmental
Assessment Act, R.S.O. 1980, c.140;

- and -

IN THE MATTER of the Class Environmental
Assessment for Timber Management on Crown
Lands in Ontario;

- and -

IN THE MATTER of a Notice by The Honourable
Jim Bradley, Minister of the Environment,
requiring the Environmental Assessment
Board to hold a hearing with respect to a
Class Environmental Assessment (No.
NR-AA-30) of an undertaking by the Ministry
of Natural Resources for the activity of
Timber Management on Crown Lands in
Ontario.


Hearing held at the offices of the Ontario
Highway Transport Board, 10th Floor, 151 Bloor
Street West, Toronto, Ontario, on Thursday,
May 28, 1992, commencing at 9:00 a.m.

VOLUME 384

BEFORE:

MRS. ANNE KOVEN
MR. ELIE MARTEL

Chairman
Member



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MR. C. BRUNETTA	NORTHWESTERN ONTARIO TOURISM ASSOCIATION

I N D E X O F P R O C E E D I N G S

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I N D E X O F E X H I B I T S

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2244B	Interrogatory responses dated June 8th, 1992.	66248
2244C	Document entitled Geraldton Community Forestry Study.	66248
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2244E	Model Forest Program submission by the Wikwemikong Unceded Indian Reserve dated February 28, 1992.	66250
2244F	Hard copy of overheads to be referred to by Mr. King.	66250
2244G	Submission made by Mr. King to the Temagami area working group on January 30th, 1988.	66303

1 ---Upon commencing at 9:00 a.m.

2 MADAM CHAIR: Good morning. Please be
3 seated.

4 Good morning, Mr. King.

5 MR. KING: Good morning.

6 MADAM CHAIR: Welcome to the timber
7 management hearing. You have the distinction of being
8 our last witness--

9 MR. KING: I am honoured.

10 MADAM CHAIR: --in this long process.
11 What we normally do when we start hearing a witness'
12 submissions is we ask whether they wish their evidence
13 to be sworn in or affirmed.

14 MR. KING: Or to be affirmed. It's fine
15 with me either way. I'm quite happy to swear this
16 evidence.

17 I have one witness who has arrived and
18 another who should be coming and I guess I could leave
19 it up to them as to what they would like to do for
20 their testimony.

21 MADAM CHAIR: That's fine.

22 DAN KING; Sworn.

23 MADAM CHAIR: Also, before we begin to
24 hear your submission we have written materials that we
25 have read that you submitted in the last while and we

1 will assign exhibit numbers to this material for our
2 record.

3 Exhibit 2244A will be written material
4 submitted by you under a letter of March the 9th, 1992,
5 and you describe this as material to be used as the
6 basis of your presentation.

7 ---EXHIBIT NO. 2244A: Written submission of Mr. King.

8 MADAM CHAIR: Exhibit 2244B will be the
9 interrogatory responses dated June 8th, 1992.

10 ---EXHIBIT NO. 2244B: Interrogatory responses dated
11 June 8th, 1992.

12 MADAM CHAIR: You will also be referring
13 to the Geraldton Community Forestry Study. We do not
14 have this on exhibit yet.

15 MS. BLASTORAH: Not that I am aware of.

16 MADAM CHAIR: We have talked about it,
17 but haven't we received it. We will assign this
18 Exhibit No. 2244C.

19 ---EXHIBIT NO. 2244C: Document entitled Geraldton
20 Community Forestry Study.

21 MADAM CHAIR: And we have a summary of --
22 we have resumes. We have Mr. Skeates' resume in front
23 of us as well as the Wikwemikong Unceded Indian Reserve
24 submission to Forestry Canada on the Model Forestry
25 Program. Why don't we serve Exhibit No. 2244D for the

1 resumes of Mr. King, Mr. Skeates and Mr. -- who will be
2 your second witness?

3 THE WITNESS: Fred Loosemore. He is
4 supposed to be here this morning.

5 MADAM CHAIR: We don't have a resume for
6 Mr. Loosemore.

7 MR. KING: I don't think you brought a
8 resume, did you?

9 MR. LOOSEMORE: No, I didn't.

10 MADAM CHAIR: I don't know if there will
11 be any need to have a resume, but, Ms. Blastorah, you
12 could ask for that if you feel it is necessary.

13 MS. BLASTORAH: Madam Chair, I was
14 totally unaware this witness was coming and I have no
15 idea what his evidence is going to be. So I don't know
16 whether it will be appropriate or not.

17 MADAM CHAIR: I would ask you to remind
18 the Board if you feel it's necessary to receive Mr.
19 Loosemore's resume, then we will ask for that and as it
20 stands Exhibit 2244D will consist of the resumea of Mr.
21 King and Mr. Skeates.

22 ---EXHIBIT NO. 2244D: Resumes of Mr. King and Mr.
23 Skeates.

24 MADAM CHAIR: Exhibit 2244E will be the
25 Model Forest Program submission by the Wikwemikong

1 Unceded Indian Reserve dated February 28, 1992.

2 ---EXHIBIT NO. 2244E: Model Forest Program submission
3 by the Wikwemikong Unceded
4 Indian Reserve dated February
5 28, 1992.

6 MADAM CHAIR: Is that everything, Mr.
7 King, that we have from you?

8 MR. KING: Yes. Now I have copies of my
9 slides which I will be handing out in just a moment.

10 MADAM CHAIR: A copy of your slides, sir?

11 MR. KING: Yes.

12 MADAM CHAIR: All right. How many slides
13 do you have?

14 MR. KING: Maybe 78.

15 MADAM CHAIR: Mr. King's slides will be
16 Exhibit 2244F.

17 MS. BLASTORAH: I'm sorry, I didn't hear
18 the number.

19 MADAM CHAIR: 78.

20 MR. KING: 70 to 80, somewhere in that
21 range.

22 MADAM CHAIR: 70 to 80. And we will have
23 hard copies of those slides.

24 ---EXHIBIT NO. 2244F: Hard copy of overheads to be
25 referred to by Mr. King.

26 MADAM CHAIR: Mr. Pascoe, what did you

1 just give us?

2 MR. PASCOE: I believe that is the hard
3 copy of Mr. King's slides.

4 Mr. King, you may want to elaborate on
5 that.

6 MR. KING: It is just what will be
7 appearing on the screen, Madam Chair.

8 MADAM CHAIR: Will we be getting a copy
9 of your actual slides?

10 MR. KING: That is actually it, each one
11 of these. They are numbered.

12 MADAM CHAIR: I'm sorry, they are not
13 photographs, they are overheads.

14 MR. KING: They are just displays on the
15 video screen. It is a computer print-out.

16 MADAM CHAIR: I understand that. Sorry,
17 I was expecting photographs for some reason.

18 MR. KING: If I can explain to the
19 hearing. I have component numbers which are arbitrary.
20 Each comp number is an individual slide.

21 So if you look for comp and colon, then
22 you see a slide number which we can use to refer to
23 that particular unit. They are not really fenced or
24 boxed off, but if you can visualize you will be able
25 to...

1 MADAM CHAIR: That's fine. And these are
2 the words that are on the overheads?

3 MR. KING: That's right.

4 MADAM CHAIR: That is Exhibit 2244F.

5 Do you have a copy of these, Ms.
6 Blastorah?

7 MS. BLASTORAH: Yes, I do. Thank you,
8 Madam Chair.

9 MADAM CHAIR: Why don't we get started
10 then, Mr. King.

11 MR. KING: The first thing I want to ask.
12 Can everyone see a video monitor from where they are
13 with the slides that we have? You may want to
14 centralize yourselves over.

15 MS. BLASTORAH: Is the text on the screen
16 going to be the same as what we have --

17 MR. KING: It is identical.

18 MS. BLASTORAH: That will make it easier.
19 Thank you.

20 MR. KING: Thank you, Madam Chair.

21 I will start just by telling the hearings
22 briefly about the Venture Tourism Association.

23 The Venture Tourism Association was
24 founded by myself exclusively for the purpose of
25 representing the tourism industry at these hearings and

1 it is a collection of tourism outfitters and wilderness
2 recreationist associations to represent their interests
3 at these hearings.

4 We have support, official support from
5 the Wilderness Canoe Association and the Ontario
6 Recreational Canoe Association, as well as support from
7 a number of -- a scattered group of wilderness
8 outfitters and guides who are not members of those
9 organizations.

10 Dr. Bill King of the Wilderness Canoe
11 Association tells me that he has about 5- to 600
12 members. He has reviewed my evidence and is very happy
13 to suggest that this represents the views of his
14 organization.

15 Similarly, the Ontario Recreational Canoe
16 Association, Jim Wood, has 485 members. A hundred I
17 believe of his organization are actually tourism
18 outfitters. So there would be actually quite a larger
19 number of participants in outdoor recreation who are
20 represented in that group.

21 Again, our group of people that we have
22 picked up on the way through a variety of hearings and
23 issues.

24 Now, I felt very strongly that there was
25 a need for representing the tourism industry in these

1 hearings because this industry has a number of very
2 unique problems, the problems to be represented in
3 these hearings. There is a very high dispersal of
4 benefits, quite a broad range of very small operators.
5 A lot of operators that I have met are working
6 part-time and occasionally take people out on
7 wilderness tours and this is an important supplement to
8 their income.

9 It's difficult to pin down the wilderness
10 recreation business because, I mean, they sell a
11 product that is essentially invisible. There is no
12 tangible product and it has been difficult to tax in
13 the past, although the GST I believe has hit this
14 industry and it has hit it hard.

15 For networking between people in the
16 industry, it is physically dispersed as well as
17 dispersed in different communities.

18 Also, the use or the conducting of the
19 service is very highly dispersed. There is very little
20 opportunity for people to communicate except through
21 our organizations and because there are so many parties
22 there are high communication costs, and to get an
23 organization like this to get its own act together and
24 be represented in these hearings, the collection costs
25 for funding this endeavor are very high. The

1 collection costs are higher than you could possibly get
2 from each individual operator.

3 Because this industry is very difficult -
4 I will just skip this slide and come back to it -
5 difficult to represent, in a sense there has been a
6 significant amount of disappointment in the kind of
7 process where they feel they cannot be represented and
8 I believe and the people I have spoken with, there is a
9 feeling that the success in these hearings belongs to
10 those people who are best able to perform at these
11 hearings and, of course, our organization has no
12 funding and my work here is completely unfunded as
13 well.

14 We were turned down for intervenor
15 funding because in the words of the Madam Chair who was
16 making the decisions, those who are parties to these
17 hearings who are in business are expected to raise the
18 revenue from the sale of the products, and for large
19 organizations I think this is a reasonable measure, for
20 our group, of course, our collection costs does not
21 provided for our high collection costs.

22 There is a view, and I can't say this is
23 necessarily the majority, but some, possibly many
24 people in our industry believe that there is a
25 destruction of tourism values being done with the

1 Ontario forest industries and the Ministry of Natural
2 Resources, and in a sense the production of wood
3 products from Ontario's forest land -- this is sort of
4 an earlier conclusion to my whole presentation.

5 There is concern that it represents more
6 of a transfer of wealth rather than the creation of
7 wealth and this is something that we would like to
8 rectify by our very modest presentation in these
9 hearings.

10 We've had considerable difficulty in
11 putting together this case. I, myself, working unpaid
12 here, I've had to balance this with other priorities
13 and other clients who are paying and we have not been
14 able to have legal counsel, and Mr. Beram is familiar
15 with some of the problems that we've had in calling our
16 witnesses.

17 The ORCA president, Jim Wood, is not
18 permitted to attend these hearings because --he is a
19 high school principal and president of our
20 organization. He is not permitted by his employer, whom
21 I might add is a former forester, and we have an MNR
22 employee who I'm not allowed to name who is also
23 similarly not allowed to appear here at this time
24 because we have not been able to achieve the
25 appropriate clearances through his bargaining unit.

1 This is a matter of great concern to us
2 since this MNR employee, confidentially known to Mr.
3 Beram, is one of the most knowledgeable people that I
4 have ever spoken to in this area. His knowledge far
5 superpasses my own experience in this business.

6 I would like to submit to the Board that
7 there is a very important reason for this Board hearing
8 his evidence in whatever manner may be possible, and I
9 would suggest at the end of my presentation that
10 perhaps there might be some consideration given to an
11 appropriate subpoena for this gentleman who I do
12 believe will appear under subpoena, but that is only
13 way he can appear.

14 MR. BERAM: Madam Chair, I rise at this
15 point just as a point of clarification that Mr. King is
16 alluding to.

17 In recent days I as Board counsel have
18 been contacted by Mr. King on this point and it has
19 been my attempt to provide guidance to him and
20 essentially what we are faced with is his
21 organization's inability to call particular witnesses
22 and largely it has been a problem of logistics.

23 There has been such a short time span
24 given for us with our limited resources to try to
25 marshal that evidence.

1 The suggestion of summonsing the witness
2 is something that we have looked at, but given the as
3 of yet unknown, unstated nature of the evidence that
4 would have been presented, it has been my judgment at
5 this stage that a summons should not issue from the
6 Board.

7 This matter, Mr. King suggests, may be
8 dealt with a little more later. I will be on hand
9 answering questions that the Board may have as to what
10 considerations have been made in that respect. As I
11 say, I simply place that on the record at this point.

12 MADAM CHAIR: Thank you, Mr. Beram.

13 Thank you, Mr. King. As you know, one of
14 Mr. Beram's jobs is to help parties such as our own who
15 are unrepresented by counsel and are appearing before
16 the Board and need assistance in any way.

17 Why don't we continue hearing your
18 evidence and see where we are at the end of it with
19 respect to how strongly you feel you need to bring
20 other witnesses and what mechanisms are available to do
21 that.

22 MR. KING: Thank you, Ma'am.

23 Now, we have issued some management
24 directives in response to the interrogatories and,
25 again, we apologize to all parties for the fact that

1 our directives were again submitted only as a result of
2 direct response to the interrogatories, but these have
3 been reviewed by a number of people in our organization
4 and I feel they are fairly complete at this stage.

5 They include basically three main
6 categories. Protection of tourism values, and just
7 briefly whipping through the interrogatories, we are
8 concerned about establishing reserves for wilderness
9 tourism. This is by way of an opening summary.

10 A prohibition of high impact recreational
11 vehicles on recreational reserves, licensing. Ministry
12 of Transport would have to handle licensing of high
13 impact recreational vehicles; wider reserves around all
14 forms of scenic values, rivers, roads and scenic
15 viewpoints and portage routes.

16 Also, large reserves around ski trails
17 and a corresponding reduction in the annual allowable
18 cut to compensate for the fact that land base has been
19 removed from the cutting.

20 In terms of new land use allocation
21 system, we are simply asking that the Board in their
22 final judgment represent all values include certainly
23 wood values as well as tourism values, game values and
24 a range of other values which have not been considered
25 up to this time.

1 In considering these values, we are
2 concerned about the valuing methods for future benefits
3 which I will get into in my presentation and we are
4 also concerned that the land tenure arrangement in the
5 province be not binding in the sense that they block
6 out possible recognition of new future values.

7 These are the witness statements that we
8 put forward as they are numbered in my original
9 submission; aesthetics, tourism values, logging,
10 alternatives, which Mr. Skeates will give; comments on
11 international trade and how they effect relations
12 between competitive land users; a bidding system for
13 lands tenure; concern about sustainable management in
14 item 6; liquidation of forest capital and something
15 dealing with employment.

16 We are shuffling it slightly. We are
17 going to be moving employment up just after the trade
18 issues and that will be pretty well it for our change.

19 Now, with regards to procedures. I'm
20 prepared to let my two witnesses appear first or close
21 to the first and they can be cross-examined, and for my
22 final four panels, which is mainly financial and
23 economic analysis, I was going to propose that I just
24 go through them all with questions of clarification and
25 that the cross-examination begin at the end.

1 I just want to -- is that acceptable to
2 the hearing?

3 MADAM CHAIR: Any objections, Ms.
4 Blastorah.

5 MS. BLASTORAH: Just so I am sure I
6 understand, Mr. King is proposing that his two
7 witnesses give their evidence and we cross-examine them
8 and then they would be free to go or stay, as they
9 choose, and Mr. King would then give all of his
10 evidence in one chunk and we would cross-examine at the
11 end.

12 MR. KING: That's right.

13 MS. BLASTORAH: I have no objection.

14 MADAM CHAIR: Go ahead, Mr. King.

15 MR. KING: Of course questions of
16 clarification can be asked at any time.

17 So briefly I will just do an introduction
18 to my first witness dealing with the issue of
19 wilderness aesthetics and a lot of people want to know
20 why on earth are we going there, what are reasons for
21 travelling to distant wilderness areas. If you like to
22 canoe, there is always the Don River and the Welland
23 Canal. Why are people interested in going to
24 wilderness areas.

25 I would like to introduce my first

1 witness, Fred Loosemore, who I know is from Trailhead
2 and are you associated with...

3 MR. LOOSEMORE: Yes.

4 MR. BERAM: Madam Chair, just as a point
5 of procedure, I remind the Board that neither of these
6 witnesses have been sworn. It might be an appropriate
7 time to go through that.

8 MR. KING: Fred was listed in my original
9 list of witnesses.

10 MADAM CHAIR: Hi, Mr. Loosemore.

11 MR. LOOSEMORE: Hi.

12 MADAM CHAIR: Is your name spelled
13 L-o-o-s-e-m-o-r-e?

14 MR. LOOSEMORE: Yes.

15 MS. BLASTORAH: Just as a point of
16 clarification, Madam Chair, on the comment by Mr. King
17 with regard to the original list of witnesses.

18 Which list are you referring to, Mr.
19 King? It is not in the list I have.

20 MR. KING: Maybe I stand to be corrected,
21 and my apologies to the hearing if that is the case. I
22 will just turn to this page.

23 I do apologize. I'm sorry. He was on
24 another list that I have. He was on this list, but I'm
25 afraid that must have been left off. I apologize to

1 the hearings.

2 FRED LOOSEMORE; Affirmed.

3 MR. LOOSEMORE: I think Mr. King wanted
4 me to come to give you some insight into the guides and
5 outfitters who are also working in the province and I
6 am probably somewhat representative of that part of the
7 business.

8 I am a partner in a group of companies
9 that include three retail outlets that sell camping
10 equipment, canoes, kyacks and ski equipment,
11 cross-country ski equipment. That's a segment of the
12 retail market known as the outdoor retailers. It is
13 the kind of business that's in most even small cities
14 or large towns throughout North America to the extent
15 that it has its own trade shows and recognizable type
16 of segment of the retail trade.

17 It is also a section in Canada that
18 appears to be bucking the recession. So our growth
19 this month is 30 per cent above our sales last year at
20 this time and for the year we are running 10 or 12 per
21 cent ahead in our stores in Ottawa and Toronto. It is
22 a relatively healthy part of the business world, at
23 this time anyway.

24 We also run an outfitting business that
25 teaches canoeing, kyacking and outdoor skills. We take

1 people on short trips, weekend and week-long trips in
2 Ontario and Quebec. We take people on longer
3 expeditions, sea kyacking in Greenland and canoeing and
4 kyacking across Canada from Ellesmere Island to the
5 Nahani to sea kyacking on the west coast.

6 The sales in the travel type section of
7 the business is in the three quarters of a million
8 dollar range. The retail business is about \$5-million.
9 So it gives you some idea of the size of the business.

10 The vast majority of our travel and
11 skills business is not run in Ontario. One of the
12 reasons for that is because the wilderness that our
13 clients are seeking is more available elsewhere because
14 perhaps it is wilderness -- one of the things that they
15 are looking for is relativity untouched land and that's
16 in somewhat more short supply in Ontario than in other
17 parts of the country, particularly the far north.
18 However, we use the south for training and shorter
19 trips because it is less expensive. So it appeals to a
20 broader market.

21 In some areas, competing land use logging
22 and other types of use of the area preclude sort of
23 successful operation of an outfitting business. For
24 instance, in Quebec we do canoe trips on a number of
25 rivers flowing into the Ottawa off the northeast corner

1 of Algonquin Park.

2 The DesMoines River which is -- there is
3 a fair amount of logging in the area, but none right
4 down to the edges of the river. It remains quite a
5 popular place to go canoeing.

6 Some miles from there is the Coulonge
7 River, is logged heavily but there are logging roads
8 running beside the river, trucks running back and forth
9 and often logs actually choking the river so that it is
10 impossible to canoe.

11 In a case like that we can no longer use
12 that river unless the company that has the cutting
13 rights is not operating that summer, then we can
14 sometimes use the river. So there are times when the
15 logging interferes to the extent that we can't operate
16 at all. There are other things, though, like dams and
17 things that would have an equivalent effect.

18 MADAM CHAIR: Mr. Loosemore, just a
19 question. We have heard submissions by the Northern
20 Ontario Tourist Outfitters Association and some other
21 tourism groups as well and you have gone over what your
22 industry does. Can I call you an industry?

23 MR. LOOSEMORE: Sure.

24 MADAM CHAIR: Can you make that
25 distinction between why you wouldn't be a member of

1 NOTO?

2 I think I have it clear in my mind, that
3 much of your work resolves around tripping and canoeing
4 and that sort of an experience as opposed to flying in
5 someone to a fishing camp--

6 MR. LOOSEMORE: Exactly, yes.

7 MADAM CHAIR: --for a week. But I would
8 just like to explore that difference a little bit.

9 When did your industry start? When did
10 it take off which seems to be what you are telling us,
11 that it is an established industry now?

12 MR. LOOSEMORE: The tripping part of our
13 business began about 21 years ago. Our industry as a
14 whole, it's very hard to tell. Whitewater canoeing as
15 an activity appeared to get large enough that various
16 groups began to recognize each other in the early 70s.

17 MADAM CHAIR: Excuse me, Mr. Loosemore.
18 I am just going to ask you to speak a little slower
19 because everything we are saying today is taken down in
20 a transcript and our court reporter has to keep up with
21 us somehow.

22 MR. LOOSEMORE: Certainly. Our industry
23 as a wilderness travel I think has probably been around
24 for over a hundred years in the form of
25 children's camps. Certainly the children's camping

1 movement has been there in the Temagami area, for
2 instance, since before the turn of the century, but
3 adult type programs of the sort that we do are much
4 newer I think, at least as a popular holiday sort of
5 option.

6 Adventure travel as a group segment in
7 the travel business is something that's on the growth
8 and I don't know if there is any statistical evidence,
9 but certainly the media talk about ecotourism now as a
10 growing trend. I'm not quite sure what that means, but
11 I guess we fall into that.

12 We also rent camping equipment in major
13 centres in Toronto and Ottawa, for instance, canoes,
14 kyacks, tents, that kind of thing. Those sorts of
15 people are generally -- the people who are renting that
16 kind of equipment are generally travelling to places
17 like Algonquin Park, Temagami, but not the far north of
18 Ontario, but certainly mid Ontario and the south.

19 So there is a trade there for people who
20 don't need guidance or staffing on their trips or help.
21 They just need access to the gear. I guess if you live
22 on the 10th floor of an apartment building it is hard
23 to own a canoe, so they rent them. That's a very large
24 business and we are a small player in that business.

25 Certainly, I guess, the outfitters in

1 Algonquin Park could tell you more about it than I
2 could.

3 One thing we find in trying to sell trips
4 to Americans and to Europeans, as well as people from
5 the Toronto area, is that if the area is not remote or
6 feels wild or feels somewhat untouched, then the
7 experience isn't as attractive to them and we can't
8 charge as much. So if we could go to an area where
9 they have the feeling that they are in untouched or
10 unspoiled wilderness, then it is a more sellable
11 product.

12 The proof of that is that probably 80 per
13 cent of our long trips are in national parks, the
14 Nahani, Iowetec being Baffin Island. We do a little
15 bit on a park in Georgian Bay, Gergian Bay National
16 Park. So in those areas where the consumer perceives
17 it as a protected area they perceive it as being more
18 valuable.

19 MADAM CHAIR: How long would these long
20 trips be?

21 MR. LOOSEMORE: It's usually two weeks,
22 occasionally three. The retail cost of trips like that
23 are in the 25- to \$3,500 cost not including their
24 airfare to the closest sort of airport they can get to
25 by regular schedule or travel.

1 We occasionally find the controversy over
2 land use is beneficial to our business. For instance,
3 the debates over the Temagami area certainly generates
4 interest in the area and so people interested in
5 wilderness think it must be a valuable area and that
6 actually generates business to the extent that we
7 looked at purchasing an outfitting business in the
8 Temagami area.

9 We just got outbid, but that made it
10 attractive for us, that there had been a fight over the
11 area and it had been perceived by the consumer of
12 wilderness trips that the area had been preserved and,
13 therefore, must be worth going to.

14 We have a similar situation going with
15 the Cowichan River which cross the borders of Alaska,
16 Yukon and northern B.C. We run rafting trips there and
17 some canoeing for extremely skilled canoeists. That
18 area is becoming very popular again because it is an
19 area of controversy.

20 MADAM CHAIR: Could you tell us the
21 difference between adventure travel -- how would you
22 describe your client's experience in Temagami versus
23 the Arctic or Alaska?

24 MR. LOOSEMORE: By and large people going
25 to Algonquin Park or to Temagami, particularly if they

1 are born in Ontario, would feel that they don't need
2 assistance to do that other than perhaps with
3 logistics. So they may want to rent the gear or have
4 someone pack their food, give them a map and point out
5 a route and then they would go on their own.

6 MADAM CHAIR: And you call that
7 outfitting?

8 MR. LOOSEMORE: Outfitting, yes. That's
9 of relatively low risk; in other words, not large
10 numbers of people being hurt or dying doing it.

11 Most people from Ontario believe, in
12 spite of the evidence, that because they are born here
13 they can canoe. So they don't feel there is a need to
14 purchase assistance to do that and it is popular to the
15 extent that there are -- you know, in the areas that
16 are protected for canoeing, there are quotas on the
17 number of people who can go in.

18 MADAM CHAIR: These are mostly Ontarians
19 and not people from the United States?

20 MR. LOOSEMORE: There wouldn't be lots
21 from the United States. We ran a trip on the DesMoines
22 last week and two of 12 were from the U.S. My wife who
23 runs that part of the business would have to give you
24 percentages.

25 If you care about where they come from,

1 the largest number of people are from southern Ontario
2 and southern Quebec, then the United States, then
3 Europe. I don't know the exact percentages.

4 MADAM CHAIR: On the other side, the
5 adventure tourism part of the business, who are your
6 clients in that?

7 MR. LOOSEMORE: Statistically it is a
8 male and he is 39. They're professionals earning in
9 excess of \$60,000.

10 Lots of exceptions. The most common
11 profession is doctors and then teachers. They see it
12 as a holiday, they generally don't want to be away from
13 their office for more than two weeks. They want a
14 first class operation and they are less concerned about
15 the cost.

16 So we are competing perhaps with going
17 hiking in Nepal with going, you know, to South American
18 to see a rain forest, would be the kind of things that
19 they might consider as well as a trip canoeing in the
20 north. Probably a large percentage of the customers
21 would have an interest in the specific sport and some
22 experience or the trip might be inappropriate for them.

23 It is one reason we do run some float
24 trips in rafts, unlike sort of rafting on the Ottawa
25 River which is an adventure for excitement kind of

1 rafting. Our rafting is really just a method of travel
2 for people who are either not physically capable or
3 skilled enough to canoe or kyack a route.

4 MADAM CHAIR: And most of these clients
5 would be, again, from Ontario?

6 MR. LOOSEMORE: The largest percentage
7 would be over half from southern Ontario.

8 Our only interest, I guess, long-term is
9 that we still have places to do this. I don't know
10 very much about how one manages a forest except when we
11 get to places where it has been done in a way that
12 makes it difficult for us to operate.

13 So the kinds of things that our clients
14 find disturbing is visual evidence of resource
15 extraction, if there are roads, large areas of
16 clearcut. Those are the aesthetics things that they
17 will not want to see except briefly.

18 If we are kyacking on the west coast and
19 they see a section of clearcut where it has been cut
20 down to the -- right to the store and they see the
21 erosion and the mud washing into the ocean, they are
22 fascinated by it and they see it as a plus for part of
23 their trip. They enjoy being horrified by it. It may
24 actually strike a cord in some of them to take some
25 kind of action, but they sure as heck don't want to see

1 it every day of their trip. If they saw it more than
2 occasionally they would not go there.

3 MADAM CHAIR: But those adventure tourism
4 opportunities you have said don't exist in the area of
5 the area of the undertaking?

6 MR. LOOSEMORE: In Ontario there are
7 areas where we could run trips of a two-week nature,
8 wilderness trips where we can charge enough money to
9 make it work for us, but there aren't very many
10 locations like that that are untouched and the ones
11 that are sufficiently remote like far north in Ontario,
12 the Winisk, James Bay and Hudson Bay, some of the
13 southern James Bay rivers are not sufficiently
14 wildernessy to charge a large amount for it and for the
15 person to have a certain feeling, you know, that they
16 have gone somewhere very special.

17 In the far north, ones like the Winisk
18 area or the Albany, I don't know if they are
19 spectacular enough given the distance you have to go to
20 get to them. The cost is similar to doing the Nahani
21 in the Northwest Territories. That's all I have to say
22 at the moment.

23 MR. KING: Can I elaborate just a little
24 bit. You mentioned how controversy helps you in the
25 long and the short term and then this issue of the

1 long-term effect of logging activities. So you
2 mentioned how it helps them short term.

3 You might just restate or just balance
4 the short-term versus the long-term effect.

5 MR. LOOSEMORE: Certainly. The short
6 term would publicize an area and it would set in the
7 consumers mind that this must be something special or
8 people wouldn't be fighting over it.

9 Long-term, if they perceive it being
10 destroyed or it's not going to look pretty or it's not
11 going to be wilderness anymore, then it wouldn't be an
12 area they would want to go and see.

13 If they go and see it and they see
14 cutting or they see trucks, they would probably go back
15 to other areas like the parks, like Quetico or
16 Algonquin where they won't see that. There is cutting
17 in the park, but they are pretty careful to make sure
18 the canoeist doesn't get hit over the head with it.

19 MR. KING: A second question now. You
20 have been with groups who have been on wilderness trips
21 for several weeks.

22 Can you just describe sort of the social
23 dynamics, just briefly, about how you are enjoying a
24 relatively pristine wilderness experience and then what
25 happens to the conversation and the social interaction

1 when you come upon a clearcut or a scenically damaged
2 area as a result of forest management practices?

3 What do people talk about, in other
4 words?

5 MR. LOOSEMORE: Even people who -- our
6 guides have to be very careful because many of our
7 customers work on Bay Street and they may own the
8 companies that did it. So they are reluctant to lead a
9 point of conversation one way or the other, but
10 certainly the clients will comment on it.

11 The comment is always negative. They
12 feel it has cut in on their experience of their
13 holiday. That may be arrogant to think that they
14 should have thousands of square miles of land for their
15 personal benefit, but they're offended when they see an
16 area wrecked and if they had been out on a wilderness
17 trip they're sensitized to it at the time. So I think
18 the impact is greater than it would be if they were
19 driving by.

20 So they have been -- if they had been
21 carrying their canoe through the woods and paddling
22 down the rapids and then they get to a road and see a
23 huge truck going by it somehow cheapens their
24 accomplishment in their own minds.

25 MR. KING: Another question now. You

1 have reviewed how in Ontario for your particular
2 operation only to a limited extent do operations exist
3 and in many senses the opportunities for conducting
4 your business do not exist enough to meet the major
5 operators in Ontario.

6 Is there a possibility that if some of
7 the visual impacts, the logs in the rivers, the trucks
8 in the roads by the rivers -- can you imagine if you
9 were to look at some of the damaged areas or some of
10 the damaged routes, could there be a change done to the
11 way the operations are done that would undue some of
12 the impacts that are currently affecting the business?

13 MR. LOOSEMORE: I think you can undo
14 things to make the area attractive again, but it takes
15 a really long time.

16 MR. KING: How long do you think?

17 MR. LOOSEMORE: Well, we work on a river
18 on the Madawaska River that flows out of the east side
19 of Algonquin Park and there is a railway bed that runs
20 along beside the river. Obviously, the area was logged
21 I guess in the late 1800s, early 1900s. There's still
22 selective logging in the area, but that roadbed, you
23 can still drive a truck along it and it hasn't been a
24 railway for 25 years.

25 MR. KING: So certainly roads are a major

1 impact problem, a major problem.

2 Now, about what issues other than roads,
3 for example, the cut? I'm just thinking of certain
4 areas where scenic values might have been damaged.

5 MR. LOOSEMORE: Certainly I send my child
6 or did to a camp in Temagami and there are areas near
7 where his camp is that there are sections where they
8 have planted trees for, oh, I guess the length of this
9 room on either side of the road and then beyond that it
10 is just a desert. It has been like that for 25 years.
11 I don't know what it is supposed to be, but it's not a
12 forest.

13 MR. KING: Do you know of people who are
14 operating mainly in Ontario, people who are more
15 Ontario focused in spite of the difficulties involved
16 in operating in Ontario?

17 MR. LOOSEMORE: Yes, and they nearly
18 all -- the outfitters who rent out camping equipment to
19 groups are nearly all centered around the perimeter of
20 areas that are protected, like Algonquin Park. So
21 there would be a large number of outfitters around the
22 circumference of the park.

23 Again, there is an area well-known that
24 is protected and they are quite healthy and certainly
25 they're moving into retail business. So some of them

1 are becoming competitors for us in the retail business
2 because they're doing very well in their outfitting
3 business.

4 MR. KING: Do you have your own personal
5 views of areas, additional areas that could be
6 protected that might enable this sort of business to
7 grow into those areas?

8 MR. LOOSEMORE: Two types of canoeing
9 that I'm involved in. One is lake water canoeing. So
10 it is the type of thing you would do in Algonquin Park.
11 You paddle across a small lake and you pick up your
12 gear and walk to the next lake, put your gear and
13 paddle on and then camp for the evening.

14 That takes a relatively broad area. It
15 could spread out over an area and use quite a large
16 area. Those kinds of areas are hard to find, that
17 haven't been -- if they haven't been protected now it
18 is pretty hard to find new ones.

19 Good examples would be Temagami, a very
20 similar kind of area, Quetico, that are quite popular
21 and there are lots of areas north of that, but less
22 well known.

23 For rivers, river travel is for a smaller
24 percentage but a growing one of canoeists who have
25 learned white water skills. They just really need a

1 narrow strip, a few -- I don't know how much, whatever
2 they can see or sense either side of the river to feel
3 like they are in the wilderness.

4 The rivers are a new area that we think
5 we need more protection on because it is the growing
6 part of the business. We would like to see -- I don't
7 know what percentage. In the States they are trying to
8 keep one per cent of their rivers still wilderness.
9 That's their goal. Here I never heard a number.

10 MR. KING: Thank you. No more questions.

11 MADAM CHAIR: Thank you, Mr. Loosemore.

12 Ms. Blastorah, do you have any questions
13 for Mr. Loosemore?

14 MS. BLASTORAH: One or two brief
15 questions of clarification. As I mentioned at the
16 beginning, we didn't know Mr. Loosemore was coming or
17 what he would be saying, so I don't have any detailed
18 questions.

19 CROSS-EXAMINATION BY MS. BLASTORAH:

20 Q. Mr. Loosemore, you mentioned two
21 rivers and in response -- well, I am not sure whether
22 it was in response to a question or not, but you
23 mentioned the DesMoines River and you will also
24 mentioned another river. Was it the Coulonge River?

25 Could you spell that, please?

1 MR. LOOSEMORE: A. I hope so.

2 K-o-u-l-o-n-g-e.

3 Q. Where is that river?

4 A. They are both in Quebec, flow into
5 the Ottawa River off the northeast corner of Algonquin
6 Park. If you have an Ontario map you can almost see
7 them.

8 Here is Algonquin Park right here. The
9 DesMoines flows into the Ottawa right near Deep River.
10 The Coulonge comes into a place called Fort Coulonge
11 and it's just down here just off the corner of the map.

12 Q. Thank you. My only other question
13 is, I take it that you have not had an opportunity to
14 review the proposed terms and conditions filed by the
15 Ministry of Natural Resources in this hearing?

16 A. Not at all.

17 Q. Have you ever been involved in the
18 timber management planning process in Ontario?

19 A. No.

20 MS. BLASTORAH: Thank you. Those are my
21 questions.

22 MADAM CHAIR: Thank you, Ms. Blastorah.

23 Well, thank you very much, Mr. Loosemore.
24 The Board appreciates you coming today.

25 MR. LOOSEMORE: Thank you.

1 MR. KING: Thank you, Fred.

2 --- (Witness withdraws)

3 MADAM CHAIR: Mr. King?

4 MR. KING: I will just summarize briefly
5 some of the information that I've heard from other
6 witnesses who aren't able to make it here today.

7 I think we've heard a lot about the items
8 on the screen here. I might refer to other witnesses.
9 Hap Wilson has already appeared before these hearings,
10 as well as Bruce Hodgins, and I would refer to their
11 evidence to support the idea that forest management
12 operations do have a significant effect on the
13 conducting of both their businesses and both operate
14 strictly in Ontario in the Temagami area.

15 Hap's business has been primarily from
16 Ohio. A lot of business he gets in that area and it
17 appears that Temagami is the destination of choice for
18 a major group of people coming here from that state.
19 Apparently, Ohio, unlike New York and Illinois, has
20 more limited wilderness recreation options so they
21 choose Canada. I'm sure the people who are making
22 their living from this are very happy to hear that.

23 One of the issues that was raised to me
24 by my unnamed MNR witness is the problem of Temagami
25 road building. Temagami is one area that Fred

1 described as a lake canoeing area which has not yet
2 received extensive protection except in a very limited
3 area of Lady Evelyn Park and the road building there
4 has -- there has been, of course, many complaints in
5 other hearings that I have attended about the problem
6 that -- a problem with what they call a pork and beaner
7 type tourist; people who are self-catered, come there,
8 bring all their own equipment and leave nothing in the
9 local economy.

10 Unfortunately, the building of access
11 roads which many local people have asked remain ungated
12 is limiting the recreation, or at least the possibility
13 of gaining economic benefits from recreational
14 opportunities in the area because multiple access
15 allows the people to bypass the community itself and
16 drive directly into a staging area. Previous to
17 private building of these roads there was a modest
18 local business in carrying people out to the fringes of
19 the area by water.

20 Now, the next item again indicated by my
21 MNR employee is the issue of camp fires. In surveys
22 that he has conducted 70 per cent of the campers see
23 camp fires as an essential part of a wilderness
24 experience.

25 The problem, particularly in areas which

1 are heavily used like Algonquin Park, is that the camp
2 sites are clearly - it can be demonstrated - too small
3 and have too small an area and the scenic buffers are
4 small enough as it is.

5 The problem is that these areas can be
6 completely cleaned out of firewood and what happens
7 with unsophisticated and untrained people is that they
8 move in and take whatever instruments they have, an axe
9 or a saw to living trees which is very, very damaging
10 to the area and it doesn't work anyway. These people
11 don't want living wood.

12 I might add this underscores the
13 importance of a wildlife tourism-based industry in
14 Ontario because with people who are very experienced in
15 this area, like Fred and Hap and Bruce Hodgins, these
16 people are able to instruct and train people from
17 Ontario and from outside of the province who are guests
18 in our wilderness on the proper way to respect our
19 natural heritage.

20 A third example that I received was the
21 issue of portage trail allowances. Algonquin Park, as
22 has been mentioned several times, is a fairly good
23 example of where logging and recreational tourism are
24 co-existing side by side, and Fred may stand to correct
25 me if I am wrong, but I haven't heard a lot of

1 complaints about Temagami, about -- pardon me, about
2 Algonquin.

3 So I would like to submit that this is an
4 example which is a success story for the industry in
5 Ontario and I will be looking forward to building on
6 that example.

7 There are portage trail allowances that
8 have worked in Algonquin for a long time. A similar
9 rule was extended to Temagami and was cut to
10 specification. As you can see on my slide, there was a
11 massive blowdown which completely destroyed the scenic
12 values of the area.

13 Blowdown, for those who are not familiar,
14 is when you have a narrow band of trees and they are
15 just knocked over as a result of the wind disturbing
16 the area, the root systems.

17 MADAM CHAIR: Excuse me, Mr. King. What
18 size are the Algonquin Park reserves on portages and
19 canoe routes?

20 MR. KING: For that I'm afraid I must
21 defer to the MNR employee who I spoke of earlier.

22 MADAM CHAIR: But the view of your
23 members is that that is some sort of satisfactory size
24 reserve?

25 MR. KING: For those conditions.

1 MADAM CHAIR: For those conditions.

2 MR. KING: This is the thing that this
3 gentleman from the MNR has indicated to me, is that
4 this requires a considerable amount of expertise to
5 design the right conditions for each different area and
6 he pointed out to me that Algonquin is substantially
7 different in terms of its requirements from Temagami.

8 One of the problems the tourism industry
9 has in terms of aesthetics is the problem of where they
10 operate. Given that they are operating in a specific
11 region, the logging industry can choose where they cut
12 and where not to cut.

13 Unfortunately, for the tourism industry,
14 if they are in that area, then the entire wilderness is
15 their product and one damaged site on that area will
16 impact the value of the product, as Fred indicated
17 earlier.

18 So it is almost a requirement for this
19 industry to have a substantial amount of scenic
20 integrity in the entire area and not just part of an
21 area in order to maintain the value of their product.

22 The second part of my Panel 2 submitted
23 earlier refers to the value of the tourism product and
24 I will just go into this briefly, some work that was
25 done in this area.

1 Now, the purpose of this is to establish
2 that both tourism and recreation are valuable
3 commodities, valuable contributions to the Ontario
4 economy. One key point that I believe has not been
5 brought forward to these hearings is that the ratio of
6 jobs produced by our industry relative to the impact on
7 the wilderness is very high.

8 Other industries produce jobs as well,
9 but their impact is substantially higher and there is a
10 fixed wilderness carrying capacity.

11 So in some areas, those areas which have
12 high scenic values, and we believe an area like
13 Temagami might be an example because of its very thin
14 soil conditions, make it relatively unsuitable to
15 sustainable forestry. We believe that in areas like
16 that tourism can carry a higher number of jobs than the
17 logging industry.

18 To this effect, I submitted this report
19 to the Daniel Commission and I am prepared to submit it
20 as an exhibit.

21 Based on MNR data that was available at
22 the time I submitted this report to the Daniel
23 Commission on January 30th, 1988, and Dr. Daniel chose
24 to -- I was very pleased that we quoted us several
25 times in his report.

1 He indicated that:

2 "The first step to successful economic
3 diversification..." and I am quoting,
4 "...of this region is to get all of the
5 communities to pull together and take
6 pride in everything the area has to offer
7 including the rapidly growing industry of
8 venture tourism."

9 In his final recommendation he asked that
10 the Government of Ontario through the Ministry of
11 Tourism and Recreation foster the development of
12 venture tourism in the province by establishing a unit
13 of the ministry in that area.

14 So the next question that I would like to
15 emphasize that has come up in the Daniel committee
16 hearings, among others, is the question of -- first of
17 all, we have the question of wilderness-based tourism
18 where you have fee paying economic and clearly there is
19 an economic value here.

20 But further to this, the Ontario
21 Recreation Canoe Association and the Wilderness Canoe
22 Association are both interested in demonstrating that
23 there really is value to somebody who lives in Ontario,
24 who, even if he goes out on his own without purchasing
25 anything, goes out and enjoys the wilderness and then

1 comes home to his home in Ontario.

2 There are three different methods that
3 have been considered and at this point I will refer to
4 the testimony of Dr. Kubursi before these hearings
5 earlier, and he testified about -- and he is more
6 qualified than I am to discuss some of the methods
7 where a wilderness experience is valued.

8 There is the travel cost method which
9 indicates that if a person is prepared to spend a
10 certain amount of money to get to an area to engage in
11 an activity when there are other areas which are
12 perhaps less scenic or closer by, that the benefit to
13 this person is at least the amount of the expenditure
14 to travel that area.

15 I might suggest that it greatly
16 underestimates the value of the experience and there is
17 more to it, but even that is an important starting
18 point for valuing outdoor wilderness recreation.

19 There are other methods based on survey,
20 the willingness to pay method and consumer surplus
21 method, all of which attempt to achieve some kind of
22 further evaluation of methods of an outdoor
23 recreational experience even where there is no cash
24 involved.

25 Consumer surplus, I might add, is an

1 economic term to describe what is to the consumer the
2 equivalent of a profit. This is where the consumer is
3 able to go out and participate in the economy and get
4 some kind of benefit which is greater than the amount
5 he expends to get that. So it's like profit to a
6 consumer just as the same as an industry will sell
7 something at a profit.

8 Again, as I indicated at the start of my
9 presentation, there is concern among wilderness canoe
10 people who enjoy wilderness canoeing that in a sense
11 the benefits that the wood using industries have been
12 able to obtain have been at the expense of reducing the
13 consumer surplus portion of value in our economy and
14 the wealth provided to the people who live in this
15 province.

16 A further benefit of non-cash
17 recreational tourism is our balanced payments.
18 Canadians are already the most extensive foreign
19 travellers of any nation in the world and reducing that
20 by making it more attractive to Canadians to stay at
21 home for their vacations will certainly make a
22 contribution to the Ontario economy.

23 The next point I would like to address is
24 the issue of the amount of the actual benefit of
25 tourism and what we have are intermittent and

1 continuous benefit streams, and at this point I think
2 the discussion will get a little heavy so I'd like to
3 encourage people to -- the members of the panel to ask
4 any questions that they would like at this time.

5 We have got two types of benefit streams
6 that can flow into the economy from the use of a
7 particular area and intermittent -- an example of an
8 intermittent benefit stream is logging where we have a
9 harvest cycle of 80 years. Sometimes it's less if it's
10 poplar or more if it's another species, but what we
11 have is periodic revenue.

12 Now, I am going to run just another
13 example here to produce the graphs, but what we have
14 are two spikes in our revenues stream.

15 Alternatively, tourism is a continuous
16 revenue of land use option and for tourism, what you
17 have is this band across the bottom which represents on
18 the same small scale as I indicated earlier, a stream
19 of continuous benefits but received -- each one of
20 those different colour shades represents a different
21 year's benefit and it's a little bar graph for 80 years
22 in the same time frame.

23 In this example that I'm giving here we
24 have a harvest cycle of 80 years and we're going to
25 calculate the net present value of all the benefits,

1 both from the intermittent stream hypothetical logging
2 example and the continuous stream tourism example
3 using a discount rate of .9 per cent which is much
4 lower than the current bank rate of 6.5 per cent.

5 However, and I apologize for the
6 technical nature of this, but I would like to defend .9
7 per cent as the appropriate rate for discounting future
8 benefits because that is the rate which is the growth
9 rate of the forest which is cut on an 80-year cycle.

10 To discount future benefits at a higher
11 rate than .9 per cent would be to favour alternative
12 investments of Ontario's wealth other than in the
13 forest. The forest is a pool of capital and competing
14 with that pool of capital is our regular financial
15 instruments from the government and they're currently
16 trading at 6.5 per cent. A higher yield than our slow
17 growth rate forests.

18 This is the tourism scenario and that's
19 the final -- I'm just going to interrupt this
20 presentation.

21 Slide 246, I am just going to go to it
22 briefly. This is a spike for logging revenue. You can
23 see we have two blue spikes here showing the arbitrary
24 revenue from the first and the second cut in logging.

25 Secondly, we have the tourism revenue.

1 The bar at the left is just for scale, but we have
2 rather large amounts of, let's say, return every year
3 of a relatively low yielding industry.

4 Now, in this slide here we have shown the
5 discounted future benefits at the growth rate. So we
6 have the future benefit in year 80 which is -- bringing
7 it back to the present is representing half the value
8 of what it would be if it was cut today. So we have
9 current benefit, first cut and the later benefit of the
10 second cut.

11 Now, this is what the discounted tourism
12 revenue stream would like that. This is not to scale.
13 I will put it in scale in the next slide. You can see
14 that we have a declining balance, a declining benefit
15 bringing future benefits back to the present. This is
16 the same information to scale. So, again, we can see
17 that we have a very large -- we have a tourism benefit
18 that very gradually declines in this slide.

19 MR. BERAM: Madam Chair, at this point I
20 would simply -- I have got a question for Mr. King.

21 The graphs in the presentations are well
22 made and I compliment you on that. I want to know,
23 however, for the purposes of the record when the Board
24 retires to consider your evidence what form of hard
25 paper you will be leaving with us?

1 MR. KING: I will be happy to redo them
2 for you. That's no problem.

3 MR. BERAM: I wonder if you could also
4 make sure as you are referring to them you be sure to
5 identify them as carefully as possible simply for the
6 purpose of the record and future reference to those
7 graphs and charts.

8 MR. KING: Thank you. I'll be happy do
9 that.

10 So that's our discounted tourism revenue
11 stream in respect on the same scale as with logging.

12 So in conclusion to this financial
13 exercise is that we have -- in this particular example
14 we have, and these are arbitrary numbers at this point,
15 but the net present value of both of them in this
16 example are equivalent and yet the annual return was
17 the ratio of 2.5:100 or 40:1.

18 So I respectfully submit that unless --
19 what I have not considered here is that the tending
20 costs, spraying costs and silviculture -- the risk of
21 silviculture failure of tree plants which die and the
22 value added in the lumber business, none of these
23 factors have been considered, all of which would favour
24 the continuous revenue stream, the tourism industry as
25 opposed to the logging industry.

1 The point of this being that any area
2 where there is resource contention - that would be
3 certainly any areas along scenic values, around lakes,
4 around rivers - there must be 40 times the amount of
5 benefit from the logging industry. It must be greater
6 than the tourism industry by that amount before logging
7 is preferable to tourism. Tourism's revenues do come
8 in small amounts, but because they come every year they
9 do add up.

10 MR. MARTEL: Might I ask to whom the
11 benefits go, then?

12 Is that benefit for people who live in
13 southern Ontario and who come to northern Ontario for
14 two weeks a year or is it for people who live in
15 northern Ontario and have to make a living?

16 Based on what the tourism pays to staff,
17 and we have received the figures, I am having
18 difficulty, quite frankly, of understanding how tourism
19 is so much more beneficial to the workers of northern
20 Ontario and to the communities of northern Ontario with
21 their limited amount of input per person coming from
22 the south compared to what they would earn from living
23 in the forest industry, be it in a mill, be it
24 outdoor -- doing logging in the lumber mills?

25 I mean, I really am having difficulty

1 coming from the north, as I do, trying to understand
2 the logic there. I'm not trying to be facetious.

3 MR. KING: I appreciate your comment very
4 much, sir. I was raised in Timmins myself. I'm from
5 the north and have witnessed some of the things that we
6 are talking about. I have grown up with this, this
7 dichotomy between recreation values and industrial
8 values which, as I suspect we both feel, there is
9 sentiment in some areas that I have seen a strong
10 embracing of industrial values.

11 The tourism industry has had difficulty
12 in its public relations in demonstrating this benefit
13 which is why I'm here today, and the problem that you
14 have raised, what contribution are you making to our
15 legal economy, is something we have not faired well on.

16 Now, as I mentioned earlier, we had
17 difficulty operating in areas like Temagami because the
18 building of logging roads had interfered with the
19 tourism industry providing that extra value added.

20 On the second point, what I'm describing
21 here is that this analysis can be done two ways. It
22 can be done in terms of total values, total
23 recreational values which would include those who are
24 coming up as recreationists and those coming up as paid
25 tourists.

1 Alternatively, it could be done on the
2 basis of tourism revenue alone, and that's an open
3 question that I submit to these hearings, that that's
4 something we have to decide; what basis will we use for
5 evaluation.

6 I suspect that if we use some basis, even
7 if we use the one which only determines cash value, I
8 suspect in areas certainly like the Temagami area --
9 and where I have produced results prior to this based
10 on Ministry data, I made no assumptions at all,
11 everything was based on the Ministry.

12 In that specific example I established on
13 Exhibit B, which I will submit to this group, that in
14 terms of employment based on the MNR assessment that
15 was given at the time we would be better off by the 8th
16 year, the 8th or 12th year, I have to check the
17 figures, we would be better off in Temagami, and I will
18 be happy to show the group later on.

19 MR. MARTEL: Let me stop right there then
20 because I have to get a handle on this.

21 You are talking about employment?

22 MR. KING: Yes.

23 MR. MARTEL: We would be better off at
24 the end of the 8th year, I think you said.

25 MR. KING: Well, yes --

1 MR. MARTEL: Well, it might be 10 or 12.
2 I am not going to hold you to the year.

3 MR. KING: Okay.

4 MR. MARTEL: What do they do in winter?
5 What do the folks up there do in winter?

6 Do they go on unemployment insurance or
7 do they go welfare because tourism is seasonal by and
8 charge and is changing slightly?

9 I want to know what you do to a town like
10 Hearst when you make that comparison, that there is
11 more opportunity at the end of the 8th year to have
12 employment for the good folks in tourism as opposed to
13 logging or working in one of the mills.
14 --- (fire alarm goes off)

15 Someone is going to have to explain that
16 to me, what we do with all those people in this
17 seasonal work opportunity presented by tourism as
18 opposed to the forest industry?

19 MR. KING: Yes. I very much want to
20 respond, but I will defer to the Chair for a moment.

21 MADAM CHAIR: Mr. King, I don't know how
22 long this fire alarm is going to go. Why don't we take
23 our 20-minute break and we will pick up where we have
24 left off when we come back.

25 MS. BLASTORAH: It is a good thing Mr.

1 Freidin wasn't here he would make us all vacate...

2 MADAM CHAIR: I know, he would have been
3 downstairs by now.

4 ---Recess at 10:10 a.m.

5 ---On resuming at 10:40 a.m.

6 MADAM CHAIR: Please be seated.

7 Mr. King?

8 MR. KING: Are we ready?

9 MADAM CHAIR: Yes, we are.

10 MR. KING: I want to thank Mr. Martel
11 very much for his question because I feel it very much
12 strikes to the heart of the concerns of northern people
13 and certainly, as I mentioned earlier, in my own
14 community where I grew up.

15 In your example that you raised, for
16 example, of Hearst, I might add Hearst is an area where
17 there is perhaps fewer scenic values than, say,
18 Temagami and I might add here that I'm not taking an
19 anti-forestry stance.

20 MR. MARTEL: I didn't say that.

21 MR. KING: Okay. Just to proceed, my
22 example here that I've put out whether it is total --
23 notice I emphasized here where there is total resource
24 contention there must be 40 times the wood supply to
25 justify it.

1 I'm just attempting to show the panel
2 that the revenues from tourism potentially are
3 relativity -- are quite significant even though they
4 may appear small from year to year.

5 Now, with regards to the point of
6 employment, and you mentioned of course the issue of
7 winter versus summer, it is a difficult matter.
8 First of all, seasonal employment, if you look at a
9 province like Newfoundland, is heavily dependent on
10 seasonal employment and people like myself and yourself
11 who were raised know very much how the seasons affect
12 our economy and our well being, and I can't solve all
13 the problems for the province or the industry. The
14 tourism industry is highly seasonal.

15 Now, in the Temagami area there were some
16 proposals which might reduce the impact of that
17 seasonality. I know in the discussions -- I was
18 working with Hap Wilson and some of the things that we
19 feel privately was the idea of a ski resort option in
20 the area. Not Maple Mountain, but another area which
21 was almost as suitable but did not have land claim
22 contentions.

23 Now, that sort of thing with Temagami's
24 great snow conditions every winter is the kind of
25 things that can reduce that seasonality.

1 Similarly, with cross country, the
2 problems with ski trails in the cross country area,
3 there have been a lot of cuts which have really
4 affected the integrity of those trails. Again,
5 reducing that problem, not eliminating it.

6 The other point I want to mention is that
7 I'm not saying this is an either/or situation which
8 perhaps might have looked like in the way when I was
9 presenting my data.

10 I think when I talk about total resource
11 contention, I think if we are talking about the trees
12 that are lining the river with a significant buffer
13 zone, I think it is either/or in that case, but that's
14 not the whole forest. That's just -- right now I think
15 200 metres is what's being cut.

16 If we expanded that to 500 metres in
17 important areas or perhaps a little larger and the
18 people who are more qualified, as I mentioned, would be
19 able to estimate that better than I, if those areas are
20 withdrawn from harvesting other areas can remain open
21 and it's simply a way of finding a way that the two
22 industries can live and work together.

23 Now, the other problem -- and I
24 apologize, I am not being long winded in my response to
25 this because I think, Mr. Martel, your question really

1 strikes at the heart of the most important issues that
2 really have brought this hearing forward.

3 The other problem is -- the question is,
4 what will we be doing in the winter and what will we be
5 doing year to year.

6 One of the issues that really came
7 forward to me while I was working on the Temagami issue
8 is that one of the things that I was able, I believe,
9 to prove fairly substantially was that one of the
10 things that the people of these communities would not
11 be doing is logging and working in mills.

12 Tragically in the Temagami example, for
13 the mill plant in particular, there was only a few
14 years wood supply and I have -- and this is why I
15 brought this map here. This is the Latchford Crown
16 Forest Management Unit and I had the opportunity -- I
17 have air photographs of the complete area and I have
18 gone through this exhaustively.

19 The Wakenika triangle here, which was the
20 main area of contention - which is right down here by
21 Lake Wakenika, Temagami Lake is over here, again
22 through the Diamond Lake canoe route - this is at the
23 access of a whole range of canoe routes coming out from
24 here, a very strong case for preserving wilderness
25 values in this area.

1 There's only 860 hectares of old growth
2 pine in this area. I mean, two square kilometres. I
3 think it's very tragic for the province that we had
4 years of political controversy which may even have
5 affected the status of the Peterson government perhaps,
6 that might have been one of the things that led to his
7 loss in the election, but all of that controversy --
8 and I had the forestry statistics, I had the air photos
9 and I had these maps and even the Temagami Wilderness
10 Society who was running through this -- they didn't
11 even know how little old growth pine was really there.

12 In these statistics that I produced --
13 perhaps we can give this an example number. This is an
14 analysis of the benefits of four resource scenarios
15 over time. This is January 30th, 1988.

16 MS. BLASTORAH: I think that was part of
17 the package that was already marked as an exhibit.

18 Was that part of the witness statement,
19 Mr. King?

20 MR. KING: This was not part of the
21 witness statement.

22 MADAM CHAIR: No, this wasn't marked.

23 MS. BLASTORAH: Sorry.

24 MR. KING: This is additional.

25 MADAM CHAIR: We will make this Exhibit

1 2244G and this was a submission made by Mr. King to the
2 Temagami area working group on January 30th, 1988.

3 ---EXHIBIT NO. 2244G: Submission made by Mr. King to
4 the Temagami area working group
on January 30th, 1988.

5 MR. KING: In Exhibit B of this, which of
6 course I mentioned earlier when we were discussing
7 whether it was 12 years or 8 years, I have confirmed
8 here that using Ministry of Natural Resources' data,
9 which I personally feel is optimistic, but at this
10 point it was 12 years. At the 12th year the tourism
11 scenario exceeded -- this is in terms of employment,
12 okay, person years of employment. The tourism scenario
13 exceeded the optimistic logging scenario at year 12 and
14 it exceeded what I would consider a more reasonable
15 logging scenario in year 8.

16 This is all based -- I invite any
17 accountant to go through the numbers that I have
18 produced here. They are all based on the environmental
19 assessment that was done by Delcan. This was a Delcan
20 study.

21 So this was actually the concern that
22 originally brought me to become interested in the whole
23 hearings, is that I was concerned it was not only bad
24 for the environment, but also bad for business and for
25 the employment futures of people in northern Ontario.

1 Just to summarize in terms of finding a
2 direction in this difficult situation where we are
3 choosing between what for many is a declining
4 employment opportunity, increased mechanization in the
5 forest industry and depleting wood supply, part of, in
6 a sense, a conclusion that I am jumping to of our
7 organization is that if we could just hold off cutting
8 certain key areas for a few years.

9 We are talking about wider allowances on
10 river, lakes and certain scenic areas. If we could
11 hold off on the cutting we believe, as I was discussing
12 with Fred just before he left this morning, if we could
13 prove there is tourism potential here in this area,
14 that there is value, as I indicated with my graphs on a
15 straight sort of calculation point of view, we could
16 establish that there is a future in tourism, but it is
17 not going to be as bright a future as we appear to have
18 in logging because much of that logging was not
19 sustainable. Economists call it resource rent. We
20 were running down our capital, we were running down the
21 forests bringing us to the unfortunate conclusion that
22 I reached in the Temagami submission.

23 So if you want --

24 MR. MARTEL: Does that apply to northern
25 Ontario as a whole?

1 MR. KING: It depends.

2 MR. MARTEL: If you are confining your
3 remarks to Temagami as opposed to -- what you have seen
4 there as opposed to the rest of northern Ontario, then
5 I would like to be assured that's what you are talking
6 about or if you are applying it right across northern
7 Ontario. I want to know if what you are suggesting
8 applies to the whole of the north?

9 MR. KING: Let's try and draw some lines
10 here because I think it's important.

11 I think, for example, Hearst has
12 significantly fewer scenic and tourism values than
13 Temagami does. However, along the river courses that
14 go through Hearst to Hudson Bay, I believe I can make a
15 case for protecting the areas along the river courses.

16 My greatest experience, of course, is in
17 the Temagami issue because it is so controversial.
18 There are other areas that have similar features, but
19 there are many areas where I don't deny, where I'd like
20 to see forest management practised, but recognizing
21 simply protecting the river areas that go through and
22 the areas of scenic values.

23 So the answer to your question is that it
24 applies in many areas, but we really have to have a
25 good study to ensure what those areas are. I think it

1 would be an important area for funding of research or
2 something in the future, in the near future.

3 Does Mr. Martel want to pose another
4 question or can I move on?

5 MR. MARTEL: No.

6 MR. KING: Thank you. I appreciate the
7 opportunity to make the points that we have been
8 discussing, and I think in answer to the question,
9 again, what will people in the north be doing, I'd like
10 to re-emphasize that there is an opportunity for
11 tourism and the forest industries to be compatible.

12 I would like to introduce at this time
13 Mr. Doug Skeates who will be presenting for the Venture
14 Tourism Association a concept or a vision of forestry
15 that we feel would be compatible with promoting a
16 diversity of values in our northern forests.

17 Mr. Skeates?

18 MR. SKEATES: Madam Chair, I'm sorry, I
19 don't understand the process. To the extent that I do,
20 do I need to be sworn in or...

21 MADAM CHAIR: Yes, please, or you can
22 affirm your evidence. You can stay where you are I
23 will simply ask you --

24 MR. SKEATES: I will go through the same
25 process as the others.

1 DOUG SKEATES; Affirmed.

2 MR. SKEATES: I will give just two or
3 three minutes of background. I was with the Ministry
4 of Natural Resources for many, many years. I've been
5 in management, I've been in research, I've been in
6 development.

7 I've also had opportunities to work in
8 other parts of the world, in Africa, Asia and Latin
9 America and towards the end of my career I guess I was
10 seeing more and more the values in many parts of the
11 world of social forestry.

12 At the present time I'm involved with a
13 community forestry program of the Ministry in the four
14 areas of Ontario that have been selected by the
15 minister. I'm also involved with the Canadian
16 Executive Services Overseas and there I've had the
17 opportunity to look at the forestry values to society
18 at the village level.

19 So that is just sort of in terms of
20 background. I consider myself a forestry consultant or
21 retired or unemployed, I'm not too sure which, but at
22 the present time I'm working towards a program of
23 social forestry and the buzzword in Ontario at the
24 present time is community forestry.

25 I'm addressing the issue of forest

1 communities. The plight of the single-industry towns
2 of northern Ontario has been discussed ad nauseum. If
3 half the effort that has gone into the discussion of
4 the problem had gone into action instead I don't
5 think -- I think we would be much better off.

6 I'm here talking again today, despite my
7 comments about talking, but it is a plea for action, a
8 plea to turn things around so that we are putting a
9 higher priority on sustainable communities than on the
10 sustainable forestry policy as the Ministry is now
11 emphasizing.

12 Sustainable community is a societal
13 problem. It should involve every ministry, not just
14 the Ministry of Natural Resources. Northern Affairs,
15 Tourism and Recreation, Environment, Mines,
16 Transportation, Health and Welfare, Municipal Affairs,
17 Energy, the whole range of government I think has to
18 have much more input into the problem of the
19 communities in the north.

20 There is not a single answer. Community
21 forestry is not the answer either. Tourism, similarly,
22 is not the answer. Certainly, the major industrial
23 players are in trouble at this point in time and we can
24 look at the Abitibi's, the Spruce Falls of Kapuskasing
25 and the picture is not looking very bright at the

1 present, but the end product is deteriorating
2 communities.

3 If there is an answer, it has got to be
4 found in diversity and forest product diversity is,
5 from a forester's point of view, probably the major
6 component that I would be looking at. In fact, the
7 manipulation of cover on an area of land to provide the
8 mix of goods and services that society requires is
9 basic to survival and reinvigoration of northern
10 communities.

11 The title we use for this is community
12 forestry and that puts the emphasis on wood products.
13 I think I had something to do with pushing community
14 forestry and I'm kicking myself now.

15 I wish instead that we had used the
16 forest community as the buzzword because the emphasis
17 has to be on community and that is sustainable
18 community. That we do not have in the northern
19 communities, Hearst, Kapuskasing, Geraldton, whatever,
20 at the present time.

21 There is nothing new to the concept of
22 community forestry. The commons of Britain and across
23 Europe represent an ancient philosophy. In the Third
24 World the forests have always been seen as common
25 property.

1 The native communities of Canada's north
2 stress the relationship of people and their lands and
3 the forests that are growing on those lands.

4 Our common approach to problems starts
5 with a look at literature and it's fascinating to look
6 back and see what has been produced before because
7 there isn't anything. That's not entirely true. There
8 was the Nipigon Forest that was proposed by Jack Audin
9 of Abitibi back in 1944 in the Forestry Chronicle.

10 His proposal was intended as a solution
11 for several hundreds of thousands of troops returning
12 home when peace was declared. An area of one peninsula
13 along the southcoast of Lake Nipigon was to have been
14 designated as a forest community.

15 Audin prepared detailed plans of how the
16 forest was to be organized. He did an absolutely super
17 job, a societal job I would say, laying out the road
18 systems, the hospitals, the central part of the
19 community, the houses. The publication even showed the
20 details of the construction of the houses that were to
21 have gone in.

22 Between the farm and the forest each
23 family should have been able to maintain a happy and a
24 comfortable lifestyle. It is ironical that the Town of
25 Audin, named after this forward-thinking pioneer, no

1 longer exists. I don't know how many of these -- we
2 can't even call them ghost towns.

3 One that I was very much involved with
4 for many years was the Town of Stevens. It was in
5 the -- that's between Karamat and Hillsport and the old
6 Marathon licence. The only thing that's existing at
7 the present time is the cement pad on which I used to
8 curl. They didn't go to the effort of taking that up,
9 but we have certainly seen some very vast changes. The
10 160-man bunk house that was in Stevens and Karamat and
11 Hillsport, six of them on the licence, and there is no
12 evidence of that at all. These towns have long since
13 disappeared without a trace because they did not have a
14 sustainable base.

15 Jack Audin's concept was never initiated.
16 In fact, nothing else happened in this field in Ontario
17 until 1987. The Canadian Institute of Forestry annual
18 meeting in Duncan, British Columbia, focused on
19 community forestry and this was picked up by the
20 forestry steering committee of the Conservation Council
21 of Ontario and a draft proposal was written at that
22 time.

23 I have been a volunteer with the
24 Conservation Council for some years and I was involved
25 in the process of preparing at least the concept.

1 The Town of Geraldton was selected as a
2 potential pilot project of the Conservation Council.
3 Geraldton is a no-industry town. It has no significant
4 agricultural potential. It's not on the tourist route,
5 Highway 17, and it's not even actually on the alternate
6 route, Highway 11. Geraldton has lost a thousand
7 people in the last 20 years and is currently decreasing
8 by about a hundred per year.

9 That's only part of the story because the
10 population change has been even more drastic with more
11 and more people going into senior citizens housing and
12 less and less tax base to support the social issues.

13 Dean Baskerville from Fredericton
14 commented on one occasion that if we could make
15 community forestry work in Geraldton it would work
16 anywhere, and that's what our goal is.

17 The concept was discussed with one of the
18 town council. The potential of using the land base
19 around the town as a basis for supporting development
20 of a sustainable community was recognized. Council was
21 already negotiating for annexation of 10 townships to
22 increase the tax base. Council took the concept and
23 formed a partnership with the Conservation Council to
24 co-sponsor a proposal to cabinet to develop the
25 Geraldton community forest.

1 The proposal got some support in the
2 legislature, a private members bill was tabled and
3 defeating, but interest was expressed by all parties at
4 the time.

5 One of the strongest supporters was the
6 opposition critic of Natural Resources, now the
7 minister, Bud Wildman. Support was provided by the
8 Ministry of Northern Development.

9 Approval in principle was provided for
10 the budget that was presented and the first effort,
11 preparation of a pre-feasibility study; i.e.,
12 collection of background information, was approved.

13 Dr. Julian Dunster was recommended by the
14 Conservation Council to undertake the work and
15 Geraldton agreed with the selection. Dr. Dunster was
16 past chairman of the southern Ontario section of the
17 Canadian Institute of Forestry, one of the Conservation
18 Council member organizations and the report that was
19 presented to town council and to a public meeting in
20 Geraldton in August of 1989 is -- you have there in
21 evidence.

22 Following a review of existing
23 information in Geraldton and a massive literature
24 review world-wide Dr. Dunster initiated on-site reviews
25 of Canadian forests having strong community inputs.

1 With the forestry colleagues from the
2 Conservation Council a trip was planned through eastern
3 Canada, followed by a second tour which involved the
4 Mayor of Geraldton through British Columbia.

5 Significant developments are described in
6 Dr. Dunster's 1989 report to Geraldton town council.
7 Technically, the only real community forest visited was
8 north Cowichan in Vancouver Island. The forest is
9 owned and operated by a municipal structure on behalf
10 of but independent of the municipal council. The
11 project was initiated by Graham Bruce, then mayor of
12 Duncan in the Cowichan and Chemainus Valley area of
13 Vancouver Island.

14 MADAM CHAIR: Excuse me. Could you spell
15 that for the court reporter, Mr. Skeates, please.

16 MR. SKEATES: I'm sorry.

17 MADAM CHAIR: Could you spell the names
18 of those communities for the court reporter.

19 MR. SKEATES: I hope so. Duncan is --

20 MADAM CHAIR: We've got that.

21 MR. SKEATES: Chenainus is -- I'm sure
22 I've written it down here somewhere.

23 MR. BERAM: Madam Chair?

24 MADAM CHAIR: Mr. Beram?

25 MR. BERAM: As an ex-patriot of the

1 area --

2 MR. SKEATES: Yes, please.

3 MR. BERAM: Cowichan is as it sounds,
4 C-o-w-i-c-h-a-n. Chemainus is a little more --
5 C-h-e-m-a-i-n-u-s. I stand to be corrected.

6 MR. SKEATES: That's what I've got, too.

7 MADAM CHAIR: Thank you.

8 MR. SKEATES: The mill in Chemainus, the
9 main economic support of the valley, was closed down.
10 The municipalities of the valley were expected to
11 become ghost towns.

12 Bruce felt that the communities could
13 pull themselves up by the boot straps by using the
14 resource base in the valley. As community forests --
15 and that's the only one in Canada, officially anyway,
16 but even that is it status quo forestry, and I want to
17 re-emphasize the difference between industrial forestry
18 and community forestry as I go through this.

19 One of the first efforts of the
20 Cowichan/Chemainus Valley was the community forest. A
21 committee of six from the forestry fraternity was put
22 together on a voluntary basis to prepare a management
23 plan. This was done on weekends, evenings using
24 hundreds of hours.

25 Because the forest had harvestable old

1 growth high value sawlogs, the plan ensured the
2 self-sufficiency of the forest from day one. That does
3 not apply in many of the areas of northern Ontario
4 where we are going to have to talk investment rather
5 than self-sustaining at this point in time.

6 Wood was harvested and sold on the open
7 market and funds derived from such sales were earmarked
8 for forest development. Wood from harvesting was to
9 pay for the silvicultural work. A 20-year
10 silvicultural program was presented as part of that.
11 Crews were trained in planting, release work, thinning,
12 pruning and harvesting.

13 The plan was so effective in providing
14 employment while improving the forests that the
15 provincial government was to prepared to kick in
16 support resources and the 20-year program was completed
17 in three years. The government requested that their
18 training crews be made available to spread the concept
19 to other areas and outside contracts developed and the
20 community prospered.

21 But the forest was only a part of the
22 story. The community embarked on development of an
23 ecomuseum - a term I haven't run across before, but
24 they call it a living -- the living community was the
25 ecomuseum. The people themselves were the main

1 resource base for further development.

2 Tourism started to become the dominant
3 industry. A sense of community pride was enhanced and
4 the towns were spruced up, hanging flower pots and
5 banners were put up on the main streets, the houses
6 were painted and a greater sense of community
7 developed.

8 Two major projects stick in my mind, the
9 totem City of Duncan and the mural City of Chemainus.
10 An ancient art was rediscovered and redeveloped as a
11 tourism gimmick, I suppose, but I am always delighted
12 to see arts and crafts developing, seeing what people
13 can do with their hands and most of the intersections
14 in the Town of Duncan now have a totem pole up and the
15 people who -- they had to be retrained because this is
16 a long gone art and the one totem that really sticks in
17 my mind had the traditional eagle on top and the whale
18 on the bottom and Rick Hanson in his wheelchair in the
19 middle, and I thought that was putting an ancient art
20 to very good modern use.

21 The other one that really hits me was the
22 Town of Chemainus, the mural city of the west, and they
23 put in anywhere where there was a flat surface, any
24 wall of a building, they commissioned an artist to use
25 one of the -- they had to make their paintings from the

1 book of records that had been produced. Pictures
2 mostly to do with the logging industry which was the
3 early days of Chemainus.

4 The whole town mobilized, signage was all
5 changed. There was a uniform -- a little old man with
6 his paint brush pointing to the parking lot sort of
7 thing. The fronts of the stores were all rebuilt, the
8 towns developed a real sense of pride. Enough so that
9 it attracted people, crafts people, arts people from
10 other parts of North America, particularly, who wanted
11 to come and live in that kind of a milieu.

12 The end result was a prosperous valley,
13 prosperous communities in the valley and in actual fact
14 the tourism became a problem because the big buses from
15 Victoria were clogging the streets, they were having to
16 look at various ways of reducing the clutter. So you
17 had forestry and you had tourism both rebuilding the
18 community.

19 To me the lesson is told very strongly,
20 there are only two basic resources; one is the land
21 base and the other is people. The land base has to be
22 put to use for the benefit of people.

23 People can contribute their drive, their
24 enthusiasm, their ability to innovate and to evolve new
25 ideas, their capacity to really enjoy life and in so

1 doing create a productive and happy environment for
2 themselves and their families was a key element in the
3 rehabilitation of certainly both of those communities
4 and this is what a forest community can become.

5 When the Conservation Council embarked on
6 this process they started by looking at the models that
7 we already had. Now, there weren't any real models,
8 but many of the initiatives that have been taken over
9 the last 50 to 100 years in Ontario have a component of
10 forest community involved in them.

11 So we did a study sponsored by the
12 Ministry of Natural -- or was funded by the Ministry of
13 Natural Resources looking at the Ganaraska Regional
14 Conservation Authority. This was land that was very
15 inappropriately cleared for settlement at the turn of
16 the century and it had become desert. Settlers saw
17 their dreams shattered and were forced to move on
18 abandoning homes and lands.

19 Large areas in southern Ontario reverted
20 to municipal ownership for non-payment of taxes and
21 that to me is the first tenant of community forestry;
22 the land is owned and controlled. I don't know how you
23 develop a sense of pride in land that somebody else is
24 responsible for.

25 MADAM CHAIR: Excuse me, Mr. Skeates.

1 Are you referring to Crown land or are you referring to
2 licensed land? In northern Ontario, of course, it is
3 different.

4 MR. SKEATES: I am referring to land. I
5 am referring to the concept and I am saying that in the
6 Ganaraska situation the land was under the control of
7 the community already.

8 In the case of the northern communities,
9 the land is Crown land and is under the control of the
10 provincial government.

11 I guess the point that I'm trying to make
12 there is that it's going to be very difficult to
13 develop this sense of pride, this sense of ownership as
14 long as somebody else is ultimately responsible for the
15 land base.

16 The topsoil in Ganaraska was eroded by
17 wind and water. Huge pine stumps stuck four feet up in
18 the air sitting on a taproot. Spring run-off created
19 massive gullies. Worst still, the water and mud moved
20 downhill in torrents. Port Hope suffered from almost
21 annual flooding.

22 A major initiative was undertaken by
23 government to rehabilitate the headwaters through the
24 establishment of county forests in the 20s and 30s and
25 the authority forests of the 40s and 50s.

1 Now, a Durham County forest on the
2 Ganaraska Regional Conservation Authority are well
3 established with a forest cover. Water appears
4 adequate for agricultural crops. Flooding has been
5 minimized and the river valleys have been the focus for
6 a sizable sports fishery on what was once perennial
7 streams.

8 I have been down there and watched
9 fisherman trying to hook huge trout going up the river
10 and it's just in the last five to 10 years that they
11 have -- well, they have started monitoring it and it is
12 almost a J-shaped curve, the manner in which the fish
13 populations are increasing.

14 One conservation officer is quoted as
15 saying that the foresters have failed to realize that
16 for that area at least water and trout were two of the
17 most valuable forest products. Recreation and tourism
18 would certainly follow closely behind as our
19 Toronto-based society of the south needs a place for
20 recreation.

21 I'm saying this is not community forestry
22 because big brother still manages the land on behalf of
23 the community. So the community has not had to take a
24 stand in the management process.

25 The Ganaraskas of the south were chosen

1 by the Conservation Council as the model on which to
2 base community forests for northern towns and cities.

3 The rehabilitation work is as basic for
4 exploitive forests as desert reclamation was for the
5 south. The value of the newly developed forest to the
6 community, whatever the products that they choose to
7 design the forest for, is common to both of them.

8 Another valuable lesson is learned.
9 Toilet paper and two-by-fours are not necessarily the
10 most important products of the forest.

11 Julian Dunster in a presentation to
12 Lakehead University symposium on community forestry
13 last year cautioned against putting new labels on the
14 same old products, maintaining the status quo and new
15 guise, and there was a very distinct nature of doing
16 that in Ontario at the present time.

17 We have been so accustomed to industrial
18 forestry and the manner in which the whole field of
19 forestry from harvesting to silviculture, it has
20 developed in a certain pattern and it is very difficult
21 to make change.

22 I have that concern with the four new
23 community forests that were announced by the minister
24 because already there is talk of getting in quickly to
25 harvest pulpwood or sawlogs for existing industries in

1 order to generate income. This is economic decision
2 making at the expense of social and environmental
3 concerns.

4 Industry moved into northern Ontario,
5 communities were essential for development of a
6 healthy, profitable industry. Communities benefitted
7 from industrial development, but that was not the goal,
8 and as presently constituted it is becoming less and
9 less the case.

10 Automation, mechanization have almost
11 eliminated the need for forest workers and, hence,
12 communities in the plans of industry.

13 The new community forest must now be
14 redesigned to meet the goals of community with industry
15 benefit as a byproduct. I'm trying to make a very
16 sharp distinction between the intensive management of
17 forests around a community and I'm talking about forest
18 management as opposed to the timber management that is
19 standard for industry on the Crown lands of the north.

20 The rationale must be completely altered
21 on those areas that are designated for the community
22 and an appropriate future forest developed. They have
23 got to set their goals as to what they want from the
24 forest and then proceed to work on it.

25 Where pulpwood was once the single

1 product, diversity of product must be the goal. Value
2 added must be the name of the game for wood products.
3 I'm not suggesting that we take all the pulpwood in
4 northern Ontario and convert them to carved, but if you
5 took an individual tree and got 50 carved owls at \$20 a
6 piece you are talking \$1,000 versus the same tree going
7 into a pulp pile for 50 cents. It is the value added
8 that is going to save the economy of the -- if we can
9 develop the diversity it is going to save the economy
10 of the northern towns.

11 Where massive harvest and silvicultural
12 technology was once the modus operandi for extensive
13 timber management, labour intensive, small scale,
14 ecologically sound intensive forest management must be
15 developed on the community properties.

16 The federal government looked at that --
17 talked about that many years ago in terms of
18 concentrating the intensive work close to the mills,
19 close to the towns which would be of greatest benefit
20 to society and to industry.

21 A moose may represent 10 times the value
22 per acre for Kodak happy visitors; a high value forest
23 product, even if the animal does not get harvested.

24 Shoreline forests for cottages and lodges
25 will bring in far greater returns to the community than

1 the equivalent forest in terms of loads of wood to the
2 mill, and I am looking at, as Dan has mentioned, the
3 specific areas. We're not talking about either/or, we
4 are talking both.

5 Watershed management may have significant
6 benefits to society in encouraging fisheries and/or fur
7 bearing animals which may be absolutely basic to native
8 lifestyles.

9 The forest may produce valuable products
10 in the various field of the arts. This is one thing I
11 haven't really heard much mention of. I was very
12 intrigued in the north by Suzette's Galleries. It is
13 about 30 miles west of Long Lac -- east of Long Lac,
14 between Long Lac and Hearst where an artist had a dream
15 and the dream was to set up a wilderness -- not exactly
16 wilderness because it is right beside the highway, but
17 an isolated arts colony.

18 Suzette did beautiful work.
19 Unfortunately, the dream more or less died when her
20 husband dropped dead of a heart attack, but these were
21 log buildings, there was going to be a gallery, there
22 would be small residents for visiting artists. This is
23 the kind of development that is going to encourage
24 tourists to come north and is going to encourage people
25 to stay in the north.

1 The works of the (inaudible) through the
2 Temagami Lakes and -- through the Temagami Lakes and
3 forest areas has added greatly to our culture. Music
4 and literature based on experiences in the north, the
5 sound of the loon, the slap of a beaver's tail.

6 One community out west has a booming
7 tourist industry. Maybe most of us saw a presentation
8 on the journal where they had Japanese tourists coming
9 in, plane loads of tourists, and this one community was
10 able to guarantee them a site of aurora borealis if
11 they would stay for three days and they never had to
12 pay back the -- they didn't have to refund because of
13 non-delivery.

14 There is no end to aesthetics values.
15 The arts will attract people and they will attract
16 people to live in that setting and they will attract
17 visitors to experience the art forms.

18 The forest community can develop unique
19 educational opportunities. Geraldton has proposed an
20 education centre and a school forest component has been
21 proposed for the local high school and a specialized
22 tourist opportunity to bring in students for ecological
23 studies from other high schools of both the south and
24 the north. Since the proposal in Geraldton there have
25 been at two finished tours that have gone through the

1 north and stopped and held a workshop in Geraldton on
2 just how this process would develop.

3 A whole new field of forestry, even if
4 you are talking in terms of timber alone, needs to be
5 developed and taught, modified harvest cuts, natural
6 regeneration systems. A demonstration forest is
7 planned for Geraldton and eventually the forestry and
8 environmental schools in Canadian universities, as well
9 as federal and provincial research institutes will have
10 an opportunity to work on the completely new line of
11 technology. We are talking small is beautiful and we
12 are going to have to develop the kind of technology
13 that will provide the products, but not on the kind of
14 scale that industry has to work on.

15 These research structures will be there
16 to evaluate new forest technologies and principles. A
17 resource centre or expanded education facilities and
18 housing will, again, bring in specialized tourism to
19 the northern communities.

20 Part of this program could well be youth
21 groups, something comparable to the old (inaudible)
22 program of the federal government or the Ministry's
23 junior ranger program. It helps to bring people
24 together and it helps to develop the northern
25 lifestyle.

1 One intangible in the debate is the
2 unique northern lifestyle. In discussing community
3 problems in the north I was shocked to have someone say
4 if the community is not economically viable close it
5 down and move the people out.

6 Could we say the same for Canada in these
7 difficult economic times? If Canada is not
8 economically viable, should we close it down and move
9 somewhere else?

10 I, for one, happen to like the Canadian
11 lifestyle. The people of Geraldton and Hearst and
12 Kapuskasing happen to like the northern lifestyle and I
13 think it is worth protecting.

14 We need to look at the whole range of
15 values in our lifestyles and then work on the economic
16 factors which will support those values. We need to
17 expand the northern experience for the benefit of local
18 people and visitors alike.

19 We need to improve recreational
20 opportunities through manipulation of cover. That may
21 mean clearing areas for trails or improving wildlife
22 habitat. We need to instill a sense of pride instead
23 of the gloom and doom that seems to prevail in the
24 north at the present time.

25 If they can do it out west, it can be

1 done here, but government policies must enable that to
2 happen. There is a need to release control over land
3 and water. Obviously there are going to have to be
4 guidelines that are set up because we can't have
5 uncontrolled development and local politicians are
6 quite likely to try and turn about when times are hard.
7 So there has to be regulations, but it must be
8 community controlled.

9 I happen to think that the lifestyle of
10 the forest community is worth saving and through
11 diversity of economic and social and environmental
12 initiatives it is possible not only to save it, but to
13 help it to prosper and develop far beyond what we have
14 experienced to date.

15 That was sort of my presentation. If
16 there is time I would like to add a little bit to it.

17 MADAM CHAIR: Go ahead, Mr. Skeates.

18 MR. SKEATES: Time is, okay. All right.

19 I am worried about one thing in this
20 process that the government has taken on in the
21 development of four community forests in the north.
22 The government is looking at different models of Crown
23 land administration. There is no thought of turning
24 over control to the community.

25 The government's stated intent is to

1 allow greater local input into provincial decision
2 making. That worries me because I don't think that we
3 are going to develop the sense of pride, the sense of
4 community if big brother maintains the ultimate control
5 over the forest. They can do that certainly through
6 regulation, but not through ownership.

7 I would also like to move on to the
8 native communities. One of the four areas that's been
9 chosen is -- for this development is Wikwemikong.

10 Do you need that spelled?

11 MADAM CHAIR: We have this on Exhibit
12 2244E and it is spelled W-i-k-w-e-m-i-k-o-n-g.

13 MR. SKEATES: Thank you. To me that is a
14 forest community. The Indian Band lives in the
15 community, the town is developed, but as you go out the
16 back door you are into the recreational areas, hunting,
17 you are into the areas where they are bringing in their
18 fuel wood and this to me is the essence of a community
19 forest.

20 It's fascinating also from the point of
21 view that they are looking at medicinal plants as part
22 of their forest management, production of sweet grass
23 for ceremonial. This to me is a real model and I think
24 one that we should really look at.

25 We had the opportunity when we were

1 looking at various initiatives across Canada to go to
2 Manomani in northern Wisconsin and here was an Indian
3 Band that had been operating 10 townships for the last
4 135 years. They have got the data to show the wood
5 that was there, the wood that they have cut and the
6 wood that they have got.

7 I'm not going to try and quote the data,
8 but certainly they have cut twice as much wood in 135
9 years than they had originally and they have about 10
10 per cent more wood on the ground now than they had
11 before.

12 The one thing that was really startling
13 to me was a landsat photograph of the area in which you
14 had this black postage stamp in the middle of a white
15 field. A white field -- well, I guess it was probably
16 a winter photograph and this is landsat imagery. So
17 fields, anyway, show up as certainly open land.

18 Marginal agricultural supporting some
19 community, I suppose, but this one chunk of forest has
20 never been clearcut. They have operated, as I say, for
21 135 years, they have got the revenues that they need
22 for health and welfare of their school systems and
23 hospitals. They have basically been self-sufficient
24 based on 10 townships and that to me is an ideal model
25 to look at for Ontario.

1 The Wikwemikong people went with us to
2 the tour in Manomani and some of the Manomani people
3 came back and looked at Wikwemikong.

4 This, I think, is the kind of development
5 that we need for our northern communities. I was up in
6 Arrow Land, north of Geraldton, a couple of weeks ago
7 and I am looking at almost desert sandy areas which I
8 think could produce very good logs for a log cabin
9 industry. That's high value added and would bring
10 in -- could bring in considerable revenue, but the
11 forest is going to have to be designed for the products
12 that they need in that area.

13 I want to emphasize again I'm not talking
14 about industrial forestry versus social forestry. I'm
15 looking for an add-on process. The areas around the
16 communities can be there for the benefit of the
17 communities and there is not even a likelihood that the
18 communities will be able to take on the vast areas of
19 northern Ontario.

20 Industry is absolutely essential for the
21 provincial economy. I think we are going to see a very
22 different industry in the future. The pulp industries
23 of the American south have been dependent on private
24 lands, they have been dependent on lands that they own
25 privately and also on lands that they are helping the

1 local people to manage.

2 This takes me back to my Third World
3 experiences where people are managing the land for
4 their benefit. Industry is thriving on the byproducts,
5 you might say. I think that is where we are going in
6 the future.

7 Forestry isn't the only answer and
8 tourism isn't, but all of these things have to be
9 considered and I think we have got a tremendous
10 opportunity to improve the northern lifestyle, northern
11 communities in Ontario.

12 Thank you, Madam Chair.

13 MADAM CHAIR: Thank you very much, Mr.
14 Skeates.

15 MR. KING: I would like to ask a
16 question. First of all, I would like to say that there
17 is nothing that Mr. Skeates has mentioned that myself
18 or I believe any members of our organization disagree
19 with. We heartily endorse your vision of community
20 forestry.

21 I would like to ask a few background
22 questions. Do you want to just describe your
23 educational background?

24 MR. SKEATES: Okay.

25 MR. KING: It wasn't covered in your

1 style. I just want to make sure --

2 MR. SKEATES: You are touching on a
3 delicate subject because I've always resented the fact
4 that education and schooling are considered synonymous
5 which I don't think is the case at all.

6 My education came from my experiences,
7 but I have a Bachelor and a Master's degree from the
8 University of Toronto.

9 MR. KING: In...

10 MR. SKEATES: In forestry.

11 MR. KING: Okay. Now, you have
12 described -- how many years have you worked as a
13 forester for industry or for government? Just roughly.

14 MR. SKEATES: I guess I swore to tell the
15 truth so I shouldn't say a hundred years, but it feels
16 like that.

17 I was with the Ministry of Natural
18 Resources for 36 years. During that time, as I say, I
19 worked in management, in research, in development and
20 spent four years in East Africa, a year and a half in
21 Thailand. Since then I've had subsequent experience
22 which is my real education in the Phillipines and
23 Central America.

24 MR. KING: Now, you have described a
25 number of communities where you feel some kind of

1 vision of community forestry is going on, particularly
2 you mentioned Duncan, Cowichan, a few areas.

3 You particularly talked about the tourism
4 that's happening and how important that was to the
5 economy. Let me just ask you, how much actual forestry
6 is going on? How much sale of logs and wood is
7 actually going on in conjunction with the tourism
8 activity?

9 MR. SKEATES: Dealing with Duncan and
10 north Cowichan, I would say the two were somewhat
11 separate in that the towns themselves were the basis of
12 tourism. There was certainly a recreational component
13 to the development of the forest in Duncan.

14 When you look at something like
15 Wikwemikong, the logging is going on outside the
16 backdoors at the same time as recreation is going on.
17 They are talking about setting up areas -- they have
18 set up areas where they have an annual pow-wow which is
19 a specialized form of tourism.

20 I think I would want to emphasize the
21 fact that, first of all, we are not talking tourism as
22 a particular subject. It it is part of it, it is part
23 of a mix; and secondly, every forest is going to have
24 its own mix.

25 Murals in Chemainus may be part of the

1 forestry story. Water in Ganaraska is certainly very
2 much a part of the story. Logging is part and parcel
3 of both the stories and is going to be part and parcel
4 of the story in Geraldton, Wikwemikong, Kapuskasing and
5 Elk Lake.

6 MR. KING: So these --

7 MR. SKEATES: Did I answer the question?

8 MR. KING: The key thing is that these
9 areas are at the same time getting some revenue or
10 perhaps substantial revenue from the sale of other wood
11 for timber or pulpwood or something to that effect at
12 the same time that recreation is going on?

13 MR. SKEATES: This is one of the problems
14 that we are facing, in that when we're talking
15 communities we are talking a catch-up.

16 The 10 townships that we looked at in
17 Geraldton had very little mature wood left. These were
18 the most accessible areas, most valuable areas from the
19 point of view of provincial and local economy, but the
20 wood was cut out in the 40s and in the 50s.

21 To some extent that has been very good
22 because now we are looking at second growth forests
23 that has not been the result of massive site
24 preparation, massive harvesting equipment, but it came
25 from the horse logging days.

1 We are talking more investment in
2 forestry in the community forest than we are revenue
3 from logging. We may very well, as they did with the
4 desert lands of the south, we may have to go through
5 many years of priming the pump before we get very much
6 water out.

7 MR. KING: I understand. Now, you have
8 mentioned about regulated -- the idea of giving
9 communities the control that they need, but then it is
10 also the issue of balancing the regulation, the ideas
11 that -- the possibility that some communities might, to
12 I think everyone's regret, might not be completely
13 sustained, but that is to say what kind of guidelines
14 would these communities have?

15 Now, I recognize that you haven't had the
16 opportunity to work all this out and I think this is a
17 challenge for the whole province. Is there research
18 being done that you know of in this area? Have you
19 participated in research to establish a regulatory
20 structure?

21 MR. SKEATES: No. The four areas that
22 were chosen I think are a research study in themselves.

23 I think the point that I was making is
24 that the government can say Toronto will not ship its
25 garbage to Kapuskasing or to Kirkland Lake, but the

1 government does not have to own either Toronto or its
2 garbage in order to do so.

3 I think that regulations can -- obviously
4 there are going to have to be regulations. The
5 smartest thing to do from an economic's point of view
6 probably would be to -- if you can find the people who
7 would do it, sell all the land on the community forest
8 and use all the money for municipal work of some form
9 of another.

10 The forest must be an integral part of
11 the community, but it must be operated so as to
12 maintain its discreet values.

13 MR. KING: Thank you. No further
14 questions.

15 MADAM CHAIR: Thank you very much, Mr.
16 Skeates.

17 --- (Witness withdraws)

18 MADAM CHAIR: Mr. King, our lunch break
19 begins at 12 normally. How are we doing in your
20 presentation?

21 MR. KING: Let me just take a look and
22 see. This is Panel 3. I will tell you, I have some
23 comments that I would like to make on community
24 forestry. So let me wind up these comments and then
25 I'll take a look at the next panel and we will

1 decide -- it's on trade and we will decide at that time
2 whether we should start into it or not depending on
3 what time is left.

4 As I mentioned, I would like to thank Mr.
5 Skeates very much for his presentation. I think this
6 is just one part of a vision that I feel many people in
7 the tourism industry would like to find.

8 The key, just to re-emphasize what Mr.
9 Skeates has emphasized, is diversity of value and
10 diversity of use.

11 Now, just to go back to something which I
12 believe is no longer with us, I think the term multiple
13 use has been abandoned and I feel a flaw in that was,
14 of course, that there was different activities. It
15 implied that different activities with different
16 impacts could be compatible in the same land area and
17 this is just not true. There are some things which
18 just cannot be done in the same place. There is a few
19 people who might like to have a picnic in the middle of
20 clearcuts, but I don't think that's what most people
21 are looking for.

22 What we would like to put forward in
23 conjunction with Mr. Skeates' work is some kind of new
24 definition for multiple compatible uses, so that
25 different activities with the same impact - and

1 obviously we are talking about some kind of grouping
2 there - can be put together and put on the land areas
3 where they're most suitable. So we're talking about
4 some kind of vision of separate reserves for activities
5 with the same impact level.

6 I guess that's the end of my comments on
7 community forestry. I think that's as far as I can
8 take it, that point. Later on there will be more
9 points in that same direction.

10 We've got still got 25 minutes, so I
11 think I can finish the panel on international
12 international trade if you wish me to proceed.

13 Now, what we had in the past is -- and
14 what we have experienced in the purpose of these
15 hearings is in a sense a clash of values, clash of
16 values from -- certainly between tourism operators and
17 people whose main focus is extracting wood products,
18 and we feel that there has been a clash of values which
19 comes from much broader than just the people who live
20 in this province.

21 In fact, I feel a lot of the clash values
22 has an external source which I bring to the attention
23 of international trade, wood products from
24 non-sustainable forestry, and we find that has a very
25 profound impact on the behaviour and attitudes and

1 ideaology, if you wish, who live or work or own
2 industries in Ontario for producing wood.

3 They have to deal with non-sustainable
4 competition. We are talking about plywood from
5 Indonesia or perhaps Malaysia has got quite a
6 reputation for logging native areas to produce wood
7 products, wood chips for Japan and lumber for the
8 western companies and, as I mentioned, this brings us
9 to my opinion that the trade is a main problem from a
10 made-in-Ontario situation.

11 Why don't we solve our own problems in
12 this province? We feel of course that if, for example,
13 we were to conclude that -- the need for
14 competitiveness of a Canadian industry certainly will
15 effect the opinion or decision written by the panel and
16 no doubt the industry is very reluctant to accept a
17 vision of forestry which is sustainable but couldn't
18 possibly exist. We would go out of business because we
19 are not competitive, not competitive with
20 non-sustainable competition.

21 MADAM CHAIR: Excuse me, Mr. King. I
22 don't want to debate the basis of resource management
23 and international trade, but are you suggesting that
24 forestry in countries such as Malaysia is
25 non-sustainable in those countries?

1 MR. KING: I just spent a month in the
2 UN, the month of March, and spent a month in the
3 forestry panel at the UN delegations representing an
4 environmental group there.

5 I have met and talked with the Malaysian
6 official delegates and the unofficial environmental
7 group delegates and it is, what is happening in these
8 countries in the Third World is a true tragedy of
9 global proportions and there is no doubt that, as
10 recent studies have seen, all the rain forests, all the
11 topical forests will be gone by the year 2045.

12 MADAM CHAIR: Existing forests?

13 MR. KING: All existing topical forests
14 will be gone by 2045.

15 MADAM CHAIR: So your view of
16 non-sustainable is what is being cut today, not what is
17 being regenerated?

18 MR. KING: There is not a lot of
19 regeneration being done. Not when you have large cuts
20 and not in tropical forests.

21 The model for tropical forestry -- now,
22 I'm not really qualified. I sat on the committee with
23 experts on tropical forestry, but I was representing
24 the Canadian perspective. Tropical forestry is not --
25 because every square mile is very different from every

1 other square mile you can't just replant it or expect
2 it to naturally regenerate like it does here,
3 especially if you put cattle on the land which they
4 were doing in Brazil.

5 MADAM CHAIR: Probably it is not going to
6 be helpful for the Board to discuss any of the
7 specifics of off-shore forestry, but I think what we
8 will do is if you can move along as quickly as possible
9 we will follow your points about the pressure of
10 international competition and how we conduct our
11 forestry in Ontario, and if that's where you are
12 going--

13 MR. KING: That's exactly where I'm
14 going.

15 MADAM CHAIR: --you can take us there
16 pretty quickly.

17 MR. KING: I don't want to spend a lot of
18 the time on this. Yes, but we can't solve in these
19 hearings the world's problems.

20 It would be nice deal if we could deal
21 with our own problems which are made more difficult by
22 the problems with the rest of the world.

23 Now, in the hearings I was at the UN
24 trade bans or tariffs on non-sustainable competition
25 are going to be banned. I mean, this is official.

1 There is no trade remedy which we can take legally
2 under international law to prohibit somebody selling
3 plywood or lumber at half the price that our industry
4 is producing from forests that they are cutting that
5 will never grow again. We can't stop that.

6 However, we do have labelling laws under
7 national control, and this too perhaps goes beyond the
8 scope of these hearings, but perhaps there is an
9 opportunity to present a paragraph of a recommendation.

10 I would like to propose that we have new
11 wood products labelling laws. These are being put
12 forward in the United States. There is a bill for
13 congress identifying the wood species and the country
14 of origin of any product with wood content which is
15 imported into the United States.

16 I would like to add to that a statement
17 of sustainability statement which might go at the
18 bottom of that. It could even be number or letter
19 codes, but some way that the consumer can determine
20 whether this was done on a sustainable pine plantation
21 in the Phillipines or in Ontario or whether it was
22 done, as I mentioned before, cutting forests that will
23 never grow again.

24 Again, this statement of sustainability
25 would have an assessment of the logging practices in

1 the country of origin and offending products would have
2 a non-removable label and what I'm talking about is
3 something that's similar to -- whether it be a grand
4 piano or a chair or furniture or shipping paper, it
5 would be similar to cigarette warnings to indicate
6 that -- the statement basically that this is harmful to
7 your plant's health.

8 It is like I think all new ideas, this is
9 an idea that seems to be a little unusual at the start,
10 perhaps funny, but I think that opportunities -- that
11 international trade wood products is causing a problem
12 for our industry and it's causing a problem for our
13 communities in Ontario, and I think in a Canadian
14 context we must deal with this. Perhaps not in the
15 context of just this panel, but there is a lack of
16 knowledge of what's going on in the international wood
17 trade.

18 I might add, there are a lot of criminal
19 charges were being laid as well about the types of
20 trade that's going on in Third World countries in woods
21 products. So that's my comment on international trade.

22 The final one is employment case and I
23 think I can fit this in just before lunch, if there are
24 no further questions.

25 This is just a brief supplement to the

1 information that Mr. Skeates might indicated. The
2 problem is with industrial forestry as has been
3 described. It tends to be so highly mechanized that
4 there is a decreasing amount of benefits available to
5 the communities where these forests are being
6 harvested, and at the same time we have declining
7 available wood supplies and declining employment.

8 So, as has been mentioned already, the
9 social forestry, game fishing are other examples of
10 what can be done to try and improve the economic base
11 on the limited biological resources that are available.

12 What I'd like to present, and this will
13 open my evidence or this afternoon, is that the tourism
14 industry can compete with the forest industry. As I
15 mentioned in my evidence for the Temagami hearings, in
16 special areas where there are special scenic values
17 there is a benefit that the tourism industry can offer
18 over industries which have low value added products;
19 pulp and paper and construction grade lumber can only
20 produce limited employment opportunities compared to
21 the tourism industry.

22 Where there are high scenic values, as
23 there are in places like Temagami, along river valleys
24 and in some other places, I would like to propose that
25 those areas be more constrained in terms of their

1 logging practices in favour of the more beneficial
2 tourism use that can be applied in those areas.

3 Where there is a high value added use of
4 the wood products for firms making (inaudible) or
5 perhaps chopsticks shipped to Japan or whatever kind of
6 products that they are making, I feel that the forest
7 industry use of that land base can be well defended,
8 but the problem with Canadian industry, which I've been
9 following for the last number of years, is there is a
10 heavy emphasis on low valued added products,
11 particularly pulp and paper. So that's my point on
12 employment.

13 The final panel is fairly long and fairly
14 detailed. If there are no further questions, I would
15 like to suggest a break here.

16 MADAM CHAIR: Do you think it would help
17 us move a little more quickly after lunch if you gave
18 us an overview of what's in the planning panel?

19 MR. KING: Sure, I would be happy to give
20 you an overview.

21 Just reviewing it, in the final panel
22 what I will be doing next is Panel 5, is reviewing a
23 process for competitive bidding to allow where there is
24 resource conflict, where there is resource conflict of
25 forest lands, some opportunity for the tourism industry

1 and the logging industry to -- it would be nice if they
2 could work together to design a plan for joint use, and
3 where that is not possible, then they could get the
4 opportunity to submit to competitive bidding of
5 economic benefits or access to the land base.

6 I describe some of the important
7 technical and detailed points that need to be
8 considered whenever there is competition for access to
9 land.

10 The purpose of this is to take the
11 difficult decision-making process not completely out of
12 the hands of the government and Ministry, but to reduce
13 the dependence on qualitative data and to bring forward
14 more quantitative data to provide a basis for
15 allocation of the use of lands.

16 In the final section I will deal with
17 problems of sustainable management, problems with the
18 concept of sustainable management and the protection of
19 value in the forest and deal with very powerful
20 economic forces which, in many cases, interfere with or
21 prevent the forest from being managed sustainably in
22 spite of the best efforts of the government and civil
23 service people, many of whom are very committed towards
24 sustainable use of our forest.

25 I will be reviewing some of the evidence

1 of OPSEU and the opinions of people whose job is to
2 work with that mandate, then I will be giving my
3 summary and my conclusions.

4 MADAM CHAIR: All right. Well, it sounds
5 to the Board, Mr. King, as though you will be finished
6 certainly within an hour after we come back from our
7 lunch break. Things are moving along fairly quickly.

8 MR. KING: Yes, 2:00, 2:30.

9 MADAM CHAIR: Ms. Blastorah, will you
10 have any questions for Mr. King?

11 MS. BLASTORAH: Possibly five or ten
12 minutes' worth at the outside.

13 Madam Chair, if Mr. King could move
14 through it very quickly I am certainly agreeable if the
15 Board would like to move through it now and rather than
16 taking a lunch break just finish for the day.

17 That may be a problem for the court
18 reporter, but it's entirely up to the Board. I am
19 quite content to come back this afternoon if that is
20 preferable as well.

21 MADAM CHAIR: Yes, we are going to take
22 our lunch break now. We have been working hard this
23 morning and we will be ready to -- we will be back at a
24 quarter after one today.

25 ---Luncheon recess at 11:50 a.m.

1 ---On resuming at 1:20 p.m.

2 MADAM CHAIR: Please be seated.

3 Please go ahead, Mr. King.

4 MR. KING: Thank you. Good afternoon and
5 I'm very grateful for the opportunity for a long lunch
6 break. I certainly needed it. It was a busy morning.

7 Now, this afternoon I would like to talk
8 about a solution that we are proposing. Now, we
9 haven't had the funds to do the research to really get
10 the full details. So this is a conceptual proposal for
11 a bidding process that deal with some of the very
12 difficult situations that I've met.

13 Many MNR officials who I've met and
14 -spoken with are good people who are trying hard to do a
15 very difficult job in the midst of a tremendous amount
16 of controversy, and I feel that they are in a difficult
17 position and I think -- this is a proposal for
18 redesigning the system so that the competition would be
19 to take the people who work for the Ministry and to
20 remove them from the centre of the controversy and
21 simply allow them to stand back and take a more
22 objective view and to keep them from much of the fire
23 that's marked some of the bitter land resource
24 contested battles in the past.

25 Now, what I'm talking about here is

1 economic access to forest land. So we're talking about
2 the right to use land, not necessarily the ownership
3 rights.

4 The first aspect that I would like to
5 request -- I would like to identify is the concept of a
6 futures contract. There are traded on the Chicago
7 Board of Trade and New York Commodity Exchanges many
8 types of contracts for currencies, for various
9 commodities, including finished lumber, two-by-four.
10 There is a lumber contractor in Chicago, Mercantile
11 Exchange, and these are all contracts for delivery of a
12 product at a specific time and place.

13 We feel there has been a major problem --
14 -in fact, the Baskerville report identifies major
15 problems in the delivery of timber to the mills because
16 of the type of land tenure that exists today.

17 For example, just looking at this
18 forestry map, what we've got is different regions,
19 different forest areas that are defined as being a
20 white pine region or a black spruce region and what was
21 identified in this was that mixed in with these -- for
22 example, we have a white pine stand here which is 40
23 per cent white pine, but it says 60 per cent something
24 else.

25 He indicated that there was a problem

1 making -- freeing up some of the timber supplies that
2 are locked into zones which have been allocated to
3 somebody else; for example, somebody might be using
4 pine, but we have poplar locked into their stand and
5 another one might want poplar.

6 The bottom line is there is a lot of
7 illiquidity in the system. So we would like to propose
8 a futures contract which would enable timber, useful
9 timber to be delivered to a mill and permit more
10 efficient use of the available forest resources in a
11 more efficient way.

12 There's probably a lot more that I can
13 get into on this, but the purpose of this is to make
14 -available to mills an opportunity to have long-term
15 wood supply which is assured without necessarily having
16 tenure on any particular land base.

17 They could receive delivery of timber by
18 the truck load and have commitments from the Ministry
19 to deliver this wood to them on the basis of available
20 wood supplies, but they wouldn't necessarily have to
21 have tenure on a land base.

22 This market could be at the Toronto Stock
23 Exchange, we could set up a new market for these
24 futures contracts for available timber and forest
25 companies could participate in this market by buying

1 futures to meet their wood requirements.

2 Alternatively -- and this is the problem
3 that we have in the land contention, within the
4 competition for land issue. Alternatively, the tourism
5 industry being a low impact industry has a different
6 type of requirement from the land.

7 It requires an options contract and this
8 is a contract to use a specific area of land for one
9 year and because the use of the land has very little
10 impact by the tourism industry, whereas there is a high
11 impact by the logging industry an option contract to
12 hold a piece of forest for a year could meet the needs
13 by making land available for the tourism industry as it
14 -is needed.

15 However, if the tourism industry decides
16 to pull out of a particular area they could no longer
17 purchase an option on that particular piece of land and
18 then the land would fall available to other land uses.

19 Just by way of an illustration. In the
20 Temagami area there was a major land use, land access
21 competition, as we all know, and working with the
22 people who I was working with in the tourism industry
23 and recognizing that we felt the values in the near
24 future of old growth forest would be expected to be
25 recognized to be much higher than was recognized at the

1 time, 89/90, we felt that if we could just buy some
2 kind of contract, some kind of instrument that would
3 hold that area for one or two years, we felt that that
4 would be sufficient to gain the protection we needed so
5 that more information would come on later which would
6 assure that that area was reserved either as a natural
7 area or we would have been able to demonstrate the
8 tourism benefits and have a more longer term guarantee
9 for access to that area.

10 MADAM CHAIR: Are you suggesting, Mr.
11 King, that -- I am a little bit familiar with the
12 commodity options market.

13 MR. KING: Good, thank you.

14 MADAM CHAIR: Are you suggesting that
15 essentially holding open an option to use this land at
16 some point would be at no cost to the tourism industry
17 until they made a decision about whether they wanted to
18 go ahead with it?

19 MR. KING: Quite the contrary. In my
20 witness statement here that I submitted what I've
21 developed -- and I'm sorry there is not a page number
22 on it, but there is a page called Proposal on futures
23 Contracts and on the second page it follows there is a
24 forest futures option and I have developed a formula,
25 which is Black-Scholes formula for those of you who are

1 in the finance business.

2 The Black-Scholes formula establishes the
3 relationship between a forest futures contract which is
4 basically a purchase of forest full of logs and an
5 option to tie up or to hold on option on that resource
6 for one year and this is the formula which is used --
7 establishes a price relationship.

8 MR. MARTEL: Who would put the money up?

9 MR. KING: I'm sorry?

10 MR. MARTEL: Who would put up the money?

11 MR. KING: Well, that's a problem which I
12 also raise in the paper, which is to say the tourism
13 industry has not got its act together in terms of
14 governing itself.

15 MR. MARTEL: Then you are saying the
16 government will put the money up--

17 MR. KING: I'm not saying that.

18 MR. MARTEL: --or suggesting?

19 MR. KING: Yeah. Perhaps they could tax
20 the tourism industry in order to raise that money.

21 MR. MARTEL: Let me ask you a question.
22 It is the same government that owns the land already.

23 MR. KING: Yes.

24 MR. MARTEL: I mean, it is Crown land.

25 MR. KING: Right.

1 MR. MARTEL: Why are they going to put up
2 money on land they already own or for land they already
3 own?

4 MR. KING: Well, first of all, that's the
5 way it would be at an ultimate level, but at an interim
6 level we have different agencies, different ministries,
7 as you will see later, competing for access to the
8 land.

9 MR. MARTEL: But there is only one
10 taxpayer in the province and no matter how you cut it,
11 whether it comes from the Ministry of Tourism, the
12 Ministry of Natural Resources, Northern Development,
13 you are asking them to put up money for land which is
14 -already theirs.

15 MR. KING: Let me give you another
16 example. We, for example, have got a Crown corporation
17 for waste management in Ontario which buys land for
18 waste dumps, things like that. At this stage -- and it
19 is not a good idea --

20 MR. MARTEL: Private land.

21 MR. KING: I understand that. At this
22 point it's probably not a good idea to invent policy on
23 my feet on the fly, but I'd suggest that a careful
24 study that is done by an empowered body could develop
25 an arrangement of perhaps a Crown corporation over

1 seeing the tourism industry or perhaps taxing the
2 tourism industry as may be appropriate or developing
3 some mechanism where funds could flow from the tourism
4 industry towards the payment of these options for the
5 use of the land.

6 Alternatively, if there was an important
7 tax base, an important community which was dependent on
8 that resource, recognized that it was more -- provide
9 the money from some other way, perhaps from its own tax
10 base.

11 There's a variety of options there and
12 what I'm saying is, is in the brief amount of time I've
13 had to prepare this I haven't had the opportunity to
14 develop the indepth policy options that need to be
15 considered in this area.

16 The key point is, what I see is -- which
17 really got my concern to become involved in this in the
18 first place since I have a background, as you might
19 have guessed, in finance and in commodity and
20 securities markets, is that I perceived a fundamental
21 inefficiency in the way this province allocates land to
22 competing users, and it's certainly not the fault of
23 the Ministry that's empowered to do this.

24 The problem is that it is in a sense a
25 bureaucratic system run by well-intentioned bureaucrats

1 and I feel that using these different types of
2 instruments, both the futures option or a futures
3 contract for high impact users and on options contract
4 for low impact users, this will permit parties with a
5 variety of different uses and impacts to compete
6 equally in the marketplace for efficient allocation of
7 our very valuable land resource which we feel is being
8 underused or improperly used at the present time.

9 The goal for competitive bidding on an
10 equal basis, as I mentioned, using the instruments I
11 have identified is to maximize economic benefits.
12 There are those who take argument with me. They talk
13 about environmental benefits and I feel those must be
14 -considered, but in this context of our presentation
15 today we are talking about strictly economic values.

16 The criteria for maximizing economic --
17 is to maximize economic benefits from compatible
18 industry groups. We have, of course, two industry
19 groups, high impact industries are compatible with
20 other high impact industries, and of course we suggest
21 that logging is one of those groups.

22 Alternatively, low impact users are
23 compatible with other low impact users and they could
24 be divided into two broad groups that would compete in
25 the marketplace using the instruments I have

1 identified.

2 Now, one key question that will come up
3 into this -- there's two visions of this. One is a
4 purely market-based system that I have suggested just a
5 moment ago.

6 A second option, which is different from
7 that, retains - perhaps for simplicity or ease of
8 transition - retains some aspect of a management
9 government management and system in that competing
10 groups would compete demonstrating -- instead of paying
11 cash, they would demonstrate economic benefits and in
12 order do that certainly there would be a need for
13 standards, a standard form by which benefits would be
14 demonstrated.

15 The most important element to this, of
16 course, is the discount rate of future benefits. If
17 you use the existing bank rate which is 6.5 per cent
18 you will see very quickly that any benefit beyond 30
19 years pretty well disappears, whereas the benefits --
20 if we use the growth rate of the forest, which is .9
21 per cent, as your discount rate for future benefits,
22 then there are substantial tourism benefits and logging
23 benefits to be recognized from the second harvest of
24 lumber and, of course, from tourism benefits that occur
25 throughout the 80 or supposedly 80-year recut period.

1 I just mentioned the two rates, the Bank
2 of Canada rate and the growth rate on the forest.

3 Now, a part of our concern -- I will just
4 flip back to this slide. A part of our concern is that
5 if the Bank of Canada rate is used to discount future
6 benefits that means that future benefits will be at a
7 substantial disadvantage to current benefits and we
8 would like to respectfully submit that using the
9 current -- using any rate of interest higher than the
10 growth rate of the forest puts a subsidy or incentive
11 to liquidate the forest, to cut the forest down quickly
12 in order to reinvest the capital tied up in the forest
13 in the higher yielding government securities. We will
14 deal more with that in a few moments.

15 Other forest values which I would like to
16 emphasize are part of the low impact portfolio, is the
17 values of biodiversity, endangered species, habitat and
18 option value and existence value which are the very
19 fuzzy ideas which have just been defined in papers that
20 economists are using, but I have suggested, again,
21 perhaps through use of some of the mathematics I put
22 forward in my statement that option value could be
23 calculated based on opportunity costs using the formula
24 that I have identified.

25 The key point is a wide range of

1 compatible values; that is to say, low impact values,
2 can be added together to tourism values to create a
3 single economic value which can be put forward in
4 competition with high impact uses to attempt to gain
5 access to a land base for their industry.

6 What's going to be recognized very soon,
7 although we have recognized that CFCs are a major
8 problem for the earth's atmosphere -- I have just
9 attended the atmospheric conferences in the United
10 Nations and those who are informed are going to be
11 recognizing the forest's role in the atmosphere, it's
12 going to be very soon recognized, and that there will
13 be payments to forested countries to maintain their
14 forests.

15 This has been unheard of up to now, but
16 there are proposals going around the United Nations in
17 its attempt to prevent the very rapid deforestation of
18 tropical countries. This will also apply to Canada as
19 well once it is recognized that the northern forests
20 place an important role in atmospheric maintenance as
21 well.

22 Now, just pausing here. I would like to
23 discuss some of the institutions that would go into
24 this new system of land tenure or of a ranging
25 competition for access to a land base for their

1 industries.

2 In the past we have known about the
3 Ministry of Lands and Forests in the 60s. That was the
4 name of the current ministry, the Ministry of Natural
5 Resources, and I would like to propose a new ministry
6 be formed to replace the existing ministries and this
7 would be a ministry of lands and it would have a
8 mandate to protect the public from (inaudible) of land
9 and to ensure the wisest land use and it would act very
10 much as an adjudicator between the various competing
11 land using industries.

12 We would have a ministry of forestry
13 which would represent the case for the wood using
14 industries to apply for use for land, and similarly the
15 Ministry of Tourism and Recreation would put forward
16 its case in a fair and open competition.

17 A third party to this would be the
18 Ministry of the Environment which would also want to
19 ensure that some portions of the land are reserved for
20 areas of natural and scientific interest to protect
21 areas that are of a special habitat.

22 The ministry of lands, as I have just
23 described, would be a quasi-judicial private body
24 examining, as I mentioned, the case presented by
25 competing economic applicants and that's just a pause

1 at the end of Panel 5, a vision for changing the land
2 use allocation system in Ontario.

3 MADAM CHAIR: I thought that was Panel 7,
4 Mr. King.

5 MR. KING: Let's see. I might have
6 gotten the number wrong.

7 MADAM CHAIR: Yes, I think you changed
8 the order of them, but that was the wrong panel.

9 MR. KING: I might have the wrong number,
10 but anyway that was dealing with competitive bidding.

11 I will just pause there for any more
12 questions of clarification. I think this is fairly
13 new. I don't think you have seen anything like this
14 before.

15 MADAM CHAIR: We have certainly had a
16 great deal of evidence about evaluating non-timber
17 products and uses of the forest. We haven't had this
18 particular idea before, no.

19 MR. KING: I hope that this is a proposal
20 that could be considered to try and form a structure
21 within which those various forms of evaluation could
22 fit in so that there could be a proper system for
23 arbitrating competing land applications.

24 Anymore questions of clarification?

25 MS. BLASTORAH: Is that Mr. King's entire

1 presentation?

2 MR. KING: That's not my entire
3 presentation. I am just going on to my last
4 presentation.

5 Moving on. The next question deals with
6 what I believe is the question of the mandate of the
7 Ministry of Natural Resources as it stands and the real
8 issue is, I believe, I think many people in the
9 Province of Ontario believe that the mandate of the
10 Ministry of Natural Resources is for sustainable
11 management.

12 I think this is different from other
13 ministries, like the Ministry of Mines, and I don't
14 think all of our resource are expected to be
15 automatically managed sustainably, but I think there is
16 an attachment the people of Ontario have to their
17 forests and that they expect and would like to believe
18 that there will be forests here in the future.

19 Now, I submitted in my evidence a paper
20 in this panel, a paper by Professor Clark at the
21 University of British Columbia which identifies key
22 factors affecting forest management, affecting -- in
23 the case of the paper they were talking about
24 fisheries, but this applies to all living resources.

25 This paper identifies a number of factors

1 affecting management of a living resource. The first
2 thing was interest rates and we are talking about the
3 regular bank rate which, as I mentioned earlier, is
4 currently 6.5 per cent, the bank rate on treasury bills
5 or other bank instruments.

6 The second factor is the growth rate of
7 our forests. Now, the growth rates, as I mentioned in
8 my example, for an 80-year harvest, the growth rate --
9 you could work that out on a calculator - is .9 per
10 cent. Depending whether it is 60 or 120 years you can
11 work it out, but the bottom line is that the growth
12 rates of our forests are low, they are slow in this
13 cold country and they are always lower than the
14 prevailing rates of interest.

15 The third point is the areas of
16 operation, the way the social and economic system
17 operates. We are currently in a system which maximizes
18 private wealth and we have competitive exploitation of
19 the commons. In this case the commons being the
20 endowment of Crown land in Ontario which is owned by
21 the people of Ontario, and the final aspect is fiscal
22 constraint of the regulating mechanism.

23 Now, where we have growth rates of a
24 living resource which are lower than the prevailing
25 interest rate on standard secure financial instruments

1 there is an incentive, an economic incentive to
2 liquidate the capital which is tied up in the forest
3 and to take that capital and reinvest it in higher
4 yielding government securities at no further risk.

5 I might add, the risk in government
6 securities is even lower than in the forest because, of
7 course, the forest is subject to fire, pest and
8 disease. There is quite a lot of incentive to rush
9 towards deforestation.

10 I don't believe the people in the forest
11 industry who I have met in a very Machiavellian way are
12 aware of this and our planning deforestation of
13 Ontario.

14 - However, I am concerned that there are
15 things which we are aware of subconsciously. The fact
16 that we are, all of us in the business, attempting to
17 maximize our personal wealth and that there is a higher
18 rate of return on financial instruments than there is
19 through the forest. Perhaps intuitively many people in
20 the industry are perhaps intuitively aware that their
21 success in business is maximized by being effective and
22 competitively exploiting the forest in a more rapid
23 way.

24 What it all amounts to is there is a lot
25 of pressure created on the regulating mechanism to

1 ensure that sustainable management is truly followed
2 and this mechanism -- this concern is very, very --
3 this pressure can be very, very high.

4 Now, what I would like to propose to
5 attempt to deal with the problem of this pressure is to
6 institute a new or relatively new term which is
7 guaranteed sustainable management. A management system
8 where we can assure the children of today that we have
9 taken -- have made an allowance for the problems with
10 the forest management system that we have, that we have
11 allowed a margin of error for the mistakes that we
12 might make in managing the forest system, that we are
13 allowing for regrowth in the forest and that we like to
14 link logging with the level of monitoring that's going
15 on.

16 Just to address the issue of error, there
17 certainly is a measurement in error. In a forest
18 resource inventory, which I have spent a long time
19 going through, as well as operational cruises, looking
20 at this data you can see that there's all sorts of
21 opportunities to make mistakes, sometimes substantial
22 mistakes, in estimating how much timber is really
23 there.

24 There always is a possibility that there
25 would be cheating or fraud, although I think most of

1 the people that I have encountered strike me as very
2 honest people.

3 There is also a considerable margin for
4 silviculture failure. The Proponent's policy or case
5 of replacing the old forest with the so-called new
6 forest is a completely biologically untried, untested
7 concept that will take hundreds of years, perhaps
8 centuries to test. If their concept is a failure, if
9 an extra six inches closer -- the reduced distance
10 between the trees means that more worms will be able to
11 travel from one tree to another, if climate change,
12 which seems to be catching up and is much faster than
13 people might realize, means that forests planted today
14 are inappropriate for forests in the future, then there
15 is a substantial opportunity for a major die-off in our
16 forests even with the best working intentions of the
17 Ministry of Natural Resources.

18 There are different types of errors that
19 I have identified that could occur. I talk about
20 non-systematic error. I am talking about errors of
21 estimation, errors that put pressure on employees of
22 the Ministry to meet production requirements or to
23 underestimate the need for careful consideration of the
24 possibility that some of their estimates might be
25 wrong.

1 We would like to see -- there has been in
2 recent years, especially since we have come on
3 economically hard times, there has been cuts in the
4 Ministry of Natural Resources and the people who have
5 been cut are the policemen in the field, the policemen,
6 the MNR officials, district foresters whose job it is
7 to ensure that the prescription for forestry as it has
8 been defined by them is being followed in the field.

9 Now, with these people, their budgets
10 being cut, there is less opportunity for enforcement
11 and more opportunity for further errors in management,
12 and we feel that if we are going to cut the monitoring
13 of the forest management system, then, similarly, there
14 should be a corresponding cut in the amount of logging
15 that's being done. Something which I think is very
16 unpalatable to all people who are working in the
17 industry and it represents a difficult problem for
18 anyone who is committed to sustainable forest
19 management.

20 MADAM CHAIR: Excuse me, Mr. King. Did
21 you say before that the only source you have for
22 information about MNR's budget and staffing situation
23 is the OPSEU evidence that the Board received a week or
24 two ago?

25 MR. KING: Yes.

1 MADAM CHAIR: That's fine. Thank you.

2 MR. KING: So I feel it is necessary to
3 assure that people and the children of this province
4 that forest management is guaranteed to be sustainable.

5 Not that there is -- we've got a good
6 system, but there is a 20 per cent chance that we might
7 wipe it all out if some of our replants die back and if
8 we don't have assured sustainable management that would
9 mean we would have to ask our young people of Ontario
10 for a new mandate to manage our forests in a different
11 way.

12 Now, getting on to the issue of OPSEU.
13 I'm not aware of all the problems that exist in
14 forestry, but when I see the comment which I have that
15 "OPSEU is deeply troubled with the direction of forest
16 management in Ontario", I'm very concerned that some
17 very well-intentioned and honest people in the
18 Ministry, many of whom I have met, are really concerned
19 that they are not able to do their jobs.

20 Recognizing the five different factors
21 which go into the forest management issue, the interest
22 rates, the growth rates, maximization of private
23 wealth, all of those factors in my earlier slide all
24 point to more rapid deforestation without regard for
25 replanting or sustainability. Not necessarily

1 unconscious, but unconscious.

2 Alternatively, the only thing that's
3 standing in the way is the good intentions and
4 integrity of our Ministry officials and I am very
5 concerned that the pressure may be too much for them.

6 So my conclusion on this particular
7 matter is that there is a risk in any management scheme
8 of any living resource, and I have extensive experience
9 in the fisheries as well, and the concern that I have
10 and the concern that's raised in the paper that
11 Professor Clark made is that a case can be made -- and
12 I am not necessarily even agreeing with it myself, but
13 there is a concern that any proposal, any management
14 scheme of a living resource there is a risk, some might
15 say it is inevitable, I'm not so sure, that management
16 of a living resource will inevitably lead to extinction
17 of that resource. I don't know. We've certainly seen
18 it in the whales. I don't know what the case is in
19 Ontario's forests.

20 MADAM CHAIR: You don't accept the
21 proposition that the forest is a renewal resource, Mr.
22 King?

23 MR. KING: There are major concerns about
24 the renewability of Ontario's resource. Certainly in
25 Temagami I have seen -- I've had plenty of opportunity

1 to see areas where it could not -- renewable forestry
2 is not really possible there and the key to the issue
3 of renewability is soils.

4 Now, I'm not qualified to really speak in
5 this area. I have seen the presentations outside of
6 this forum of Dr. Chris Maser who I know has spoken
7 earlier on. I think that is a concern for everybody in
8 the world who is concerned about forestry and is -- I
9 can't really comment further on that except to say that
10 soils are a very important key.

11 I would suggest that forestry where you
12 can get one or two or even three cuts before the forest
13 goes back to all the scruff for a thousand years, I
14 suggest that that's not sustainable forestry. I might
15 add, around Timmins where I live there is nothing but
16 all this scruff as far as you can see.

17 To summarize, we have some management
18 directives that I've identified and these are the
19 management directives that I mentioned earlier. I
20 think they are on my next slide.

21 Management directives, as I mentioned
22 earlier, are protection of tourism values, protection
23 of tourism values and recognition of alternative
24 values, as Mr. Skeates and in my own evidence tried to
25 put forward before this Board today and a recognition

1 that there this is a possibility that there might be
2 other values which come along that were not -- we don't
3 necessarily have perfect information as of this point.

4 These are all the areas -- just a review
5 of everything that we have done before, aesthetics,
6 evaluation of tourism, alternatives to logging through
7 community forestry, trade, employment.

8 We are looking at the solutions, what we
9 see are some of the solutions to these which are to
10 protect tourism values, to recognize tourism values,
11 that they exist, to use community forestry to promote
12 diversity of values on our land base, labelling
13 non-sustainable products so that the public is informed
14 about the impacts of the products that they are buying,
15 setting up alternative employment base for those people
16 who are in areas where industry in the forest industry,
17 competitive bidding for a fair system and guaranteed
18 sustainable management to ensure that the whole system
19 will work.

20 I have mentioned many of these points,
21 diversity of value and recognition of tourism, the
22 labelling, diverse job market and we are concerned, of
23 course, about the liquidation of forest capital. We
24 would like to have guaranteed sustainable management.

25 Specific orders that we would like to ask

1 the Ministry to do, of course, are to protect the land
2 values that we mentioned in our witness statement at
3 the start, Panel 1, a new land use system based on
4 competitive bidding and discounting future benefits
5 only at the growth rate of the forest and not at the
6 current interest rate, and a non-binding system of land
7 tenure which is the purpose of our futures contract.

8 This way timber firms, wood using firms
9 with substantial investments in capital, using futures
10 contracts they could have an assured value of assured
11 wood supply without necessarily having a tenure on a
12 specific piece of land. Certainly some of the
13 requirements could be met from the community forestry
14 projects.

15 Wilderness aesthetics, as I indicated,
16 are real and they interfere with a contributed, a
17 valuable business.

18 With regards to recognizing the value of
19 the tourism industry, right now we have a system which
20 is in a sense qualitative recognition and we would like
21 to go beyond having a bureaucracy recognize our
22 benefits.

23 I believe I indicated this in my witness
24 statement, participation in the forest management
25 agreements are -- or the forest management plans, the

1 five-year plans, is difficult for our industry because
2 there are always just one or two representatives on a
3 panel and they always tend to get outvoted, even though
4 we do supply substantial but slow long-term benefits.

5 What we would like to see is quantitative
6 recognition as a part of the economic system using, as
7 I indicated, futures and options, forest options
8 contracts to try and provide a mechanism so that our
9 contribution can be recognized. A competitive bidding
10 for reserves.

11 Now, do not preclude future forest
12 benefits. As I mentioned, there are things that are
13 coming along which we do not -- which we can't
14 anticipate all the changes in the future that are
15 coming and they're coming very quickly, especially with
16 the impending environmental crisis which are growing
17 and I think we will find that our forests are much more
18 valuable in the near future than we know even today.

19 Community forestry we're supporting and
20 we would like them managed for a diversity of values
21 and small community values to be recognized.

22 We mentioned the labelling and higher
23 value added jobs with heavy constraints on log exports.
24 I don't believe that is as much of a problem now, and
25 we would like to see lower priority for wood allocation

1 through the economic mechanism we've have discussed, a
2 lower priority for wood allocation to low value added
3 production.

4 Finally, we would like to remove the
5 financial incentives that we indicated we believe
6 favour deforestation and we would like to consider, as
7 I mentioned, the forest growth rate as the way of
8 valuing the future benefits in order to achieve
9 guaranteed sustainable development.

10 That's the end of my evidence, and just
11 to conclude I would like to -- in the cross-examination
12 I would like to invite our other proponents to pay
13 particular attention to some of the financial aspects
14 that I've mentioned, particularly the point of the 40:1
15 ratio of intermittent benefits, continuous benefits to
16 intermittent benefits.

17 The fact that over the long-term small
18 amounts of tourism can produce substantial benefits
19 that are -- in some cases where there are scenic
20 values, good scenic values can be competitive with
21 logging. I would be disappointed if I wasn't
22 cross-examined on that issue. I would certainly like
23 to defend that and perhaps provide additional documents
24 if necessary to defend it.

25 The final point is, my area of interest

1 and expertise is in finance and the economics of the
2 tourism industry and my objective here has been to
3 raise some of the concerns, some of the business
4 concerns and economic concerns about maintaining value
5 in the economy of our province.

6 I regret that I'm not able to provide
7 evidence in terms of the specifics of what's really
8 required, what's really required to maintain a good
9 camp site from Algonquin Park as opposed to a good camp
10 site in Temagami so that both regions can benefit
11 successfully from the economic benefits that will come
12 from making those areas available to tourism.

13 I would like to ask the Board to
14 consider, as I mentioned earlier, the possibility that
15 the MNR employee who I mentioned was so much more
16 qualified than anyone else who I have spoken to to
17 present a detailed prescription perhaps with his many
18 years of experience in terms of what's really needed to
19 provide a good management system for compatibility
20 between the forest industry and the tourism industry.

21 I would very much be disappointed if
22 there was -- well, let's just say I would like to see
23 this compatibility between our industries and I feel
24 that the evidence of this fellow will provide a
25 watershed of new information that's needed for

1 protecting multiple values in Ontario.

2 Thank you.

3 MADAM CHAIR: Thank you, Mr. King. I am
4 afraid you might be disappointed on a couple of counts,
5 but let's ask Ms. Blastorah, you said you only had a
6 few questions for Mr. King.

7 MS. BLASTORAH: Actually, I only have one
8 question, Madam Chair.

9 MADAM CHAIR: Okay, that's fine.

10 On your analysis of the value of tourism
11 compared to forestry, we have your written evidence and
12 we have gone over it and if we have anymore questions
13 about that we can put them to you in writing.

14 - MR. KING: As you please.

15 MADAM CHAIR: Why don't you ask your
16 question, Ms. Blastorah.

17 CROSS-EXAMINATION BY MS. BLASTORAH:

18 Q. Mr. King, you discuss the forestry
19 futures proposal that you have and, as I understood it,
20 you were suggesting that the forest industry would buy
21 wood futures from the Ministry. Did I understand you
22 correctly?

23 A. Well, from the market, but the
24 Ministry would be a participant in that market in that
25 they would sell wood futures and the industry would buy

1 them.

2 Alternatively, if they had had an
3 agreement, a land agreement, they might give grants of
4 wood futures in exchange for releasing title or
5 releasing hold that a particular wood using company
6 might have on a particular area of land; in other
7 words, an exchange, value for value.

8 Q. Who would cut the wood under that
9 proposal?

10 A. That's something that probably
11 wouldn't be much different from what it is today. This
12 is something that could be contracted out by
13 individuals or the company itself could have a
14 harvesting arm which could accept a contract.

15 Q. So there would still have to be some
16 mechanism to identify where the wood was going to come
17 from and in a company there would have to be some
18 mechanism to allow the company to go in and harvest
19 that wood from that area?

20 A. Well, that's right. You see, the
21 problem we had in the Temagami area was that the Milne
22 plant which was in serious trouble with lack of wood
23 supply and Consolidated Bathurst had the timber area
24 right on their doorstep and they were shipping that
25 wood south. That's would not be necessarily under the

1 proposed plan.

2 MS. BLASTORAH: I think that's my only
3 question, Madam Hair.

4 MADAM CHAIR: No other questions, Ms.
5 Blastorah.

6 Then the only issue we have left, Mr.
7 King, is about whether you will be able to bring
8 another witness before the Board.

9 You are going to have to persuade the
10 Board that this witness would have something to tell us
11 that we haven't heard. As you know, we have heard from
12 hundreds of witnesses, both expert in forestry, tourism
13 as well as the general public who have come before us.

14 MR. BERAM: Madam Chair, if I may
15 interrupt for the Board's benefit.

16 I have been in touch with Mr. King, as I
17 said earlier today, on the question of securing the
18 presence of other witnesses. This was originally made
19 known to me at the beginning of this week, on Monday,
20 through a telephone conversation that I had with Mr.
21 King and it wasn't until yesterday that I learned the
22 specific identity of the individual and was provided
23 with any means of contacting him.

24 Now, I indicated to Mr. King that in the
25 normal course summonses are the usual means of securing

1 the presence of individuals and that this is often a
2 requirement in order to get someone over here who is
3 entirely willing and able to come here, but is
4 something that an employer, for instance, might need to
5 see before the person can be freed up from whatever
6 duties they may have in order to attend at the Board.

7 I was unable to get in touch with the
8 individual and, therefore, was unable to learn the
9 specifics of the evidence that the individual would be
10 presenting to the Board.

11 Unfortunately, the hearing has now
12 progressed to that date, four years, of this being the
13 very last day scheduled for evidence. We are about to
14 embark upon the reply phase of the hearing and I would
15 presume that the Proponent would have particular views
16 about the propriety of scheduling further time to
17 receive more evidence given that they have marshalled
18 their case and gone through the elaborate process of
19 disclosure and so on in order to prepare for reply.

20 I won't speak for Ms. Blastorah, but I
21 would presume that she may have some views on that.

22 It was because of all of that essentially
23 that it was my judgment, and I am now making it clear
24 to the Board that a summons at this time would not be
25 an appropriate thing to do in order to secure the

1 presence of this witness given primarily that we don't
2 know what the individual proposes to say, that there
3 has been no disclosure of that evidence and, moreover,
4 whether this would be a summons issued on a purely pro
5 forma sense or something that might go beyond that to
6 some form of requiring him to come forward.

7 MR. KING: I don't know what you mean by
8 pro forma. Not being a lawyer, I apologize.

9 MR. BERAM: As I tried to explain to you
10 earlier, Mr. King, there are purely routine
11 requirements of employers, in this case I am thinking
12 of course of the particular witness' employer being the
13 MNR, to secure the persons absence from whatever duties
14 and tasks he may have to come before the Board or to
15 overcome some advice that he may have not to attend.

16 As I understand it, OPSEU has instructed
17 or advised its members that they should not appear
18 before this Board unless they have been specifically
19 required to come before the Board.

20 That is the way I was using the legal
21 term pro forma in.

22 MR. KING: My turn?

23 MADAM CHAIR: Go ahead Mr. King.

24 MR. KING: Well, I must admit that Mr.
25 Beram is absolutely right, we have had all the time. I

1 mean, how many years have we had to properly prepare
2 this case, and that, you know, even in the coming
3 months we had plenty of opportunity to really phone all
4 the witnesses and make the appropriate disclosures that
5 were necessary for smooth function of the very
6 important business of this Board. I agree with Mr.
7 Beram completely on that.

8 The only problem, the only difference
9 between Mr. Beram and myself is that he is getting a
10 lot more money than I have for being here today and I
11 might add, are all the panelists and I do wish that we
12 were all able to appear here on an equal footing. I
13 think that would make things a lot better and a lot
14 better in the sense of how this proceeds in terms of
15 fairness.

16 We can always stand here and we can say:
17 Well, what will happen if we say you have heard the
18 evidence, now let's get on with this business. It has
19 been a long time and a lot of money. Let's close these
20 hearings and get going.

21 The only problem that I can see with this
22 is the whole purpose of these hearings -- and I do
23 support that we want to get this over with. The
24 purposes of these hearings, as I perceive them, is to
25 prevent conflict in the future and to come out with a

1 means of wise management of our resources.

2 What we will have, and I have been
3 speaking presidents of our organizations, WCA and ORCA,
4 Ontario Recreation Canoe Association, is a significant
5 body of people who feel -- and ask them as I have, as
6 Fred was here this morning. They feel disenfranchised
7 and disempowered and these are intelligent people who
8 are in business, well educated in many cases and they
9 feel that our access to the land and our power to
10 participate in this process has been taken away from
11 us.

12 Here we are on the last day, a couple of
13 witnesses we are able to pull together at the last
14 minute, I talked to Fred last night, you know, and we
15 are not really empowered on this and this group
16 regrettably will be around for years to come.

17 I was in the Temagami blockade myself, I
18 carried Bob Rae in my canoe up to the road where he
19 went and got arrested. We want to avoid the fact that
20 members of the Government of Ontario have to feel that
21 they have to go to jail in order to have wise
22 management of our resources.

23 Jim Wood, who is the president of
24 Wilderness Canoe Association, has advised me that this
25 person once worked for him, he knows him intimately and

1 that this fellow is the best and most qualified person
2 in Ontario to advise the Ministry and these hearings
3 how to best use our land for dual values, for both
4 values.

5 MADAM CHAIR: This person is an employee
6 of the Ministry of Natural Resources?

7 MR. KING: Yes.

8 MADAM CHAIR: So the Ministry has ample
9 opportunity to take the advice of this person--

10 MR. KING: Yes, ma'am.

11 MADAM CHAIR: --presumably. You are
12 trying to persuade the Board that of the over 500
13 witnesses we have heard that this person's evidence
14 would carry more weight than any of those?

15 MR. KING: I believe so. The other ones
16 who come close would be Bruce Hodgins, you know, had
17 some evidence which is similar and he was compared with
18 Bruce Hodgins in terms of his evidence by Jim Wood.

19 Bruce Hodgins is very knowledgeable in a
20 number of areas, but Jim Wood has had the opportunity
21 to work for the Ministry and has been mandated to
22 maintain tourism values as part of his career. That's
23 the difference between him and Bruce Hodgins. Between
24 them I don't think there is anyone else more qualified
25 in that area.

1 MADAM CHAIR: Certainly you mustn't go
2 away with the impression, Mr. King, that people who
3 spend a short time before the Board don't have the same
4 impact on your decision as people who spend a long
5 time.

6 In fact, our criticisms have never been
7 with short, clear presentations. Our criticisms have
8 been with individuals and parties who have taken up too
9 many of our time as far as we are concerned. So you
10 mustn't go away with the impression that any evidence
11 you gave today isn't as influential on the Board as
12 another party who might have spent a few days or a few
13 weeks in front of us. That's something that we have
14 said over and over again.

15 On the matter of this particular person,
16 Mr. Martel and I would like you and Mr. Beram to sort
17 this out. This is what we pay Mr. Beram for.

18 MR. BERAM: Madam Chair, I have one
19 suggestion, that I would suggest is the appropriate way
20 to go.

21 I take it as my duty to ensure that this
22 Board receive all the necessary relevant material and
23 evidence that it needs in order to perform its
24 function. I will certainly continue to attempt to
25 contact the individual to learn more of what it is he

1 wants to say.

2 Now, at that point it may well be -- at
3 that point I can pass that information along to the
4 Board and the Board can then make a more informed
5 decision as to whether or not this is evidence it wants
6 to receive.

7 However, I must again state that where we
8 go from there is going to be subject to predictable
9 objections that will come from other parties, and of
10 course I am thinking of the Proponent, given the very
11 late day in the proceedings.

12 MADAM CHAIR: Well, our intention is
13 certainly that the hearing will continue and we will be
14 in Sudbury on Monday morning beginning reply evidence.
15 Nothing is stopping that, and this matter I assume will
16 be sorted out satisfactorily with Mr. King.

17 MS. BLASTORAH: Madam Chair, I should
18 just make a couple of comments given Mr. Beram's
19 remarks about our concerns.

20 I have indicated to Mr. Beram and to Mr.
21 King both that the Ministry of Natural Resources has no
22 objection whatsoever to Mr. King calling any witnesses
23 he wishes, whether they work for the Ministry of
24 Natural Resources or other anyone else. We maintain
25 that position. We do not object to any witness that

1 the Board feels would be helpful coming before the
2 Board and giving whatever evidence they wish.

3 Our only concern throughout, and I
4 expressed this to Mr. Beram, was notice, proper notice
5 of the fact that a witness was going to come and what
6 that witness was going to say in terms of procedural
7 fairness, and I am sure the Board is very familiar with
8 that issue, and the disability it puts us under in
9 terms of cross-examination and meeting the case put
10 forward.

11 Obviously, the Board's procedural matters
12 are in the Board's hands and however the Board wishes
13 to deal with that we would be happy to oblige the Board
14 in any respect as long as there is no issue in terms of
15 fairness to the Ministry.

16 MADAM CHAIR: Okay. That's fine, Ms.
17 Blastorah. All right, Mr. King, thank you very much.

18 MR. KING: Thank you.

19 MADAM CHAIR: We appreciate your efforts
20 in getting your submissions before us and we thank you
21 for coming today.

22 MR. KING: Thank you very much.

23 ---Whereupon the hearing was adjourned at 2:15 p.m., to
24 be reconvened Monday, June 1, 1992 in Sudbury,
Ontario at the Civic Square commencing at 11:00 a.m.

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